

Second Lieut. Joseph O. Mauborgne, Sixth Infantry, to be first lieutenant from April 13, 1909, vice Gibson, Third Infantry, promoted.

TO BE PLACED ON THE RETIRED LIST.

With the rank of brigadier-general.

Col. Edgar S. Dudley, judge-advocate.

Col. Owen J. Sweet, Twenty-eighth Infantry.

With the rank of lieutenant-colonel.

Chaplain Charles S. Walkley, Coast Artillery Corps.

APPOINTMENTS IN THE ARMY.

CHAPLAIN.

Rev. John Rivera, of Porto Rico, to be chaplain with the rank of first lieutenant, from May 14, 1909, to fill an original vacancy.

MEDICAL RESERVE CORPS.

Dr. Thomas Collins Austin, of South Carolina, to be first lieutenant, from May 15, 1909.

POSTMASTER.

Charles J. Tiffany to be postmaster at Clyde, Ohio, in place of Benjamin F. Jackson. Incumbent's commission expired February 4, 1909.

CONFIRMATIONS.

Executive nominations confirmed by the Senate May 18, 1909.

COLLECTOR OF CUSTOMS.

John G. Bair to be collector of customs for the district of Montana and Idaho.

UNITED STATES CIRCUIT JUDGE.

William M. Lanning to be United States circuit judge for the third judicial circuit.

UNITED STATES DISTRICT JUDGES.

Edward E. Cushman to be United States district judge, third division, district of Alaska.

John Rellstab to be United States district judge for the district of New Jersey.

William I. Grubb to be United States district judge for the northern district of Alabama.

Charles A. Willard to be United States district judge for the district of Minnesota.

George Donworth to be United States district judge for the western district of Washington.

UNITED STATES ATTORNEY.

William G. Whipple to be United States attorney, eastern district of Arkansas.

UNITED STATES MARSHAL.

Harry J. Humphreys to be United States marshal for the district of Nevada.

ASSOCIATE JUSTICES, SUPREME COURT, ARIZONA.

Ernest W. Lewis to be associate justice of the supreme court of the Territory of Arizona.

Edward M. Doe to be associate justice of the supreme court of the Territory of Arizona.

PROMOTIONS IN THE REVENUE-CUTTER SERVICE.

Cadet Louis Leon Bennett to be a third lieutenant.

Cadet William Pitts Wishaar to be a third lieutenant.

Cadet Gordon Thomas Finlay to be a third lieutenant.

Cadet William Williams to be a third lieutenant.

Cadet John H. Cornell to be a third lieutenant.

Cadet Paul Henry Harrison to be a third lieutenant.

Cadet John Patrick Gray to be a third lieutenant.

PROMOTION IN THE NAVY.

Lieut. Commander Hutch I. Cone to be Engineer in Chief and Chief of the Bureau of Steam Engineering, in the Department of the Navy, with the rank of rear-admiral.

POSTMASTERS.

ARIZONA.

George D. Burtis, at Roosevelt, Ariz.

ARKANSAS.

James W. Harper, at Mansfield, Ark.

B. D. Muzzy, at Carlisle, Ark.

CONNECTICUT.

Frederick W. Wersebe, at Washington, Conn.

GEORGIA.

John W. Berryhill, at Milledgeville, Ga.

T. K. Dunham, at Darien, Ga.

Hugh B. Sasser, at Senoia, Ga.

Isaac A. Smith, at Tennille, Ga.

Leon P. Wimberly, at Abbeville, Ga.

ILLINOIS.

Alice M. Clement, at Lamoille, Ill.

IOWA.

William Carden, at Winfield, Iowa.

William Robert Law, at Waterloo, Iowa.

Thomas H. Thompson, at Kanawha, Iowa.

NEBRASKA.

George Williams, at Cambridge, Nebr.

NEW YORK.

Rufus R. Clement, at Atlanta, N. Y.

Hattie A. Walker, at Bergen, N. Y.

NORTH DAKOTA.

Ezra M. Crary, at Edmore, N. Dak.

Walter E. Krick, at Berthold, N. Dak.

OKLAHOMA.

Elmer D. Immell, at Helena, Okla.

PENNSYLVANIA.

Frederick D. Freutenberger, at Tamaqua, Pa.

WASHINGTON.

William H. Imus, at Kalama, Wash.

SENATE.

WEDNESDAY, May 19, 1909.

The Senate met at 10 o'clock a. m.

Prayer by Rev. Ulysses G. B. Pierce, of the city of Washington. The VICE-PRESIDENT resumed the chair.

The Journal of yesterday's proceedings was read and approved. Mr. BEVERIDGE. Mr. President, I suggest the absence of a quorum.

The VICE-PRESIDENT. The Senator from Indiana suggests the absence of a quorum. The Secretary will call the roll.

The Secretary called the roll, and the following Senators answered to their names:

| | | | |
|-------------|------------|------------------|--------------|
| Aldrich | Culberson | Hughes | Piles |
| Bacon | Cummins | Johnson, N. Dak. | Richardson |
| Beveridge | Curtis | Johnston, Ala. | Root |
| Borah | Dick | Kean | Scott |
| Brandeggee | Dillingham | La Follette | Smith, Md. |
| Bristow | Dolliver | Lodge | Smith, S. C. |
| Brown | du Pont | McCumber | Smoot |
| Bulkeley | Elkins | McLaurin | Stephenson |
| Burkett | Fletcher | Martin | Stone |
| Burrows | Flint | Nelson | Sutherland |
| Burton | Frazier | Oliver | Tillman |
| Carter | Frye | Overman | Warner |
| Chamberlain | Gallinger | Page | Warren |
| Clapp | Gamble | Paynter | |
| Clay | Guggenheim | Penrose | |
| Crane | Hale | Perkins | |

Mr. PILES. My colleague [Mr. JONES] is necessarily absent for a few minutes this morning.

The VICE-PRESIDENT. Sixty-one Senators have answered to their names. A quorum of the Senate is present. The presentation of petitions and memorials is in order.

PETITIONS AND MEMORIALS.

Mr. BURTON presented a petition of the Western Reserve Chapter, Daughters of the American Revolution, of Cleveland, Ohio, praying for the enactment of legislation providing for the maintenance of Fort McHenry as a permanent garrison post, which was referred to the Committee on Military Affairs.

Mr. SMOOT presented petitions of sundry citizens, dry goods merchants, and candy manufacturers of Salt Lake City and Sugar City, in the State of Utah, praying for the retention of the present duty on all grades of sugar, which were ordered to lie on the table.

Mr. BRANDEGEE presented a petition of Local Union No. 47, International Typographical Union, of New Haven, Conn., praying for the retention of the proposed duty on print paper and wood pulp, which was ordered to lie on the table.

Mr. NELSON presented a petition of sundry citizens of Minnesota, praying for the repeal of the duty on hides, which was ordered to lie on the table.

Mr. WARREN presented petitions of sundry citizens of Lovell, Worland, and Cowley, all in the State of Wyoming, praying for the retention of the present duty on all grades of sugar, which were ordered to lie on the table.

He also presented a petition of the Indian Fighters' Association of Denver, Colo., praying for the enactment of suitable pension laws in behalf of the survivors who served in the regular

and volunteer forces of the United States on the frontiers during the Indian war prior to January 1, 1882, which was referred to the Committee on Pensions.

Mr. DICK presented a memorial of sundry consumers and independent producers of oil of Prairie Depot, Ohio, remonstrating against the repeal of the duty on crude oil, which was ordered to lie on the table.

He also presented petitions of sundry citizens of Fremont, Ohio, praying for the repeal of the duty on hides, which were ordered to lie on the table.

Mr. PAGE presented the petition of E. E. Whitcomb, of South Fairlee, Vt., praying for a reduction of the duty on raw and refined sugars, which was ordered to lie on the table.

Mr. STEPHENSON presented a joint resolution of the legislature of Wisconsin, which was referred to the Committee on the Judiciary and ordered to be printed in the RECORD, as follows:

Joint resolution relating to investigation of stock exchanges.

Whereas the recent wheat deal has again demonstrated to the American people that even the bread supply of our land is at the mercy of speculators; and

Whereas the recent panic has demonstrated that it is unwise and unsafe for our country to allow the control of our great commercial and industrial conditions to exist in the hands of stock gamblers without check of any kind; and

Whereas it is of interest to all citizens to know the means by which the huge combine of money in Wall street can be manipulated, and it is also the interest of the welfare of all the people that the white light of publicity should be thrown upon the stock-exchange business in general: Therefore be it

Resolved by the assembly (the senate concurring), That we request our delegation in Congress to use every effort to bring about the thorough investigation of stock-exchange business in this country, and that a most rigorous and searching investigation be at once instituted of the methods of buying and selling in these exchanges, their relation with the banking system, and the great financial interests; and be it further

Resolved, That our Representatives in Congress are hereby requested to introduce such remedial legislation into our National Congress as will effectually check the evils of this system; and

Resolved, That a copy of the foregoing be immediately transmitted by the secretary of state to each of the Senators and Representatives of this State in the Congress of the United States.

L. H. BANCROFT,
Speaker of the Assembly.

C. E. SHAFFER,
Chief Clerk of the Assembly.

JOHN STRANGE,
President of the Senate.

F. E. ANDREWS,
Chief Clerk of the Senate.

Mr. STEPHENSON presented a joint resolution of the legislature of Wisconsin, which was ordered to lie on the table and be printed in the RECORD, as follows:

Senate joint resolution 52.

Joint resolution petitioning Congress for the establishment of a permanent, nonpartisan, expert tariff commission.

Whereas for many years the tariff has been the subject of political contention, which has led to periodical upheaval and uncertainty in the commercial activities of the Nation, that it has not always been adjusted in manner to best promote and protect the industrial interests as a whole, and has too often been dealt with as a purely political question without giving full consideration to the grave economic principles involved in the same.

Whereas a study of the methods under which other great commercial nations of the world are handling these subjects leads to the conclusion that the United States must call into its service in the near future the aid of a trained body of men to enable us to meet intelligently the various perplexing questions arising out of the general adoption of maximum and minimum tariffs by several of our strongest competitors for the world's trade: Therefore, be it

Resolved by the senate (the assembly concurring), That we respectfully memorialize the Congress of the United States to speedily enact such legislation as will create a permanent, nonpartisan tariff commission with semi-judicial functions, such as the power to summon witnesses, which shall make an unbiased investigation of the operation of our customs duties, regulation, and classification, hear complaints, study domestic and foreign market conditions, and report to the Executive and to Congress from time to time such modifications as in their judgment may safely and properly be made in the interests of the general welfare.

JOHN STRANGE,
President of the Senate.

F. E. ANDREWS,
Chief Clerk of the Senate.

L. H. BANCROFT,
Speaker of the Assembly.

C. E. SHAFFER,
Chief Clerk of the Assembly.

Mr. STEPHENSON presented a memorial of sundry cigar makers of Madison, Wis., remonstrating against the admission of cigars from the Philippines free of duty, which was ordered to lie on the table.

He also presented a petition of sundry citizens of Wisconsin, praying for the removal of the duty on hides, which was ordered to lie on the table.

He also presented a memorial of the mayor and common council of Green Bay, Wis., remonstrating against a reduction of the duty on print paper and wood pulp, which was ordered to lie on the table.

He also presented a memorial of the mayor and common council of Appleton, Wis., remonstrating against a reduction of the duty on news printing paper, which was ordered to lie on the table.

BILLS INTRODUCED.

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BRANDEGEE:

A bill (S. 2441) for the relief of the next of kin of Stewart & Co., and the heirs of C. A. Weed, for whom A. P. H. Stewart was agent; to the Committee on Claims.

By Mr. DU PONT:

A bill (S. 2442) granting an increase of pension to Thomas Hutt (with the accompanying papers); and

A bill (S. 2443) granting a pension to James H. Jones (with the accompanying papers); to the Committee on Pensions.

By Mr. BEVERIDGE:

A bill (S. 2444) granting a pension to W. J. Vigus (with the accompanying paper); to the Committee on Pensions.

AMENDMENTS TO THE TARIFF BILL.

Mr. SMOOT, on behalf of the Committee on Finance, submitted an amendment intended to be proposed by him to the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes, which was ordered to lie on the table and be printed.

Mr. JOHNSTON of Alabama. I submit an amendment intended to be proposed by me to the pending bill, which I ask may be read.

There being no objection, the amendment was read and ordered to lie on the table, as follows:

Amendment intended to be proposed by Mr. JOHNSTON of Alabama to the bill H. R. 1438:

Provided, That nothing contained in this act shall prevent the admission free of duty of the following articles: Lumber, laths, shingles, doors, and door locks and hinges, window frames, window sashes, bricks, lime, cement, slate roofing, nails, carpenters' tools, common window glass not exceeding 16 by 24 inches, tin plate for roofs, linseed oil, and white lead.

SAFETY UPON RAILROADS.

Mr. LA FOLLETTE. I submit a resolution, and I will ask for its consideration to-morrow.

The resolution (S. Res. 48) was read, as follows:

Senate resolution 48.

Resolved, That the Interstate Commerce Commission be directed to furnish the Senate a list of all common carriers by railroad subject to the provisions of an act entitled "An act to promote the safety of employees and travelers upon railroads by limiting the hours of service of employees thereon," approved March 4, 1907, with the respective miles of road operated by each, which have failed to comply with the order of the commission of March 3, 1908, requiring monthly reports of all employees on duty for more than the statutory period; also, what carriers, if any, have filed suits to enjoin the commission from enforcing said order, with the result of such suits.

The VICE-PRESIDENT. The Senator from Wisconsin asks that the resolution may go over for consideration to-morrow.

Mr. HALE. There was much confusion in the Chamber. What was done with the resolution?

The VICE-PRESIDENT. It went over until to-morrow.

REPORT OF SUPERINTENDENT OF INSURANCE.

Mr. GALLINGER. Mr. President, I submitted Senate resolution No. 46 yesterday, which went over at my request. I ask that it may lie on the table subject to my call. I want to perfect it.

The VICE-PRESIDENT. Without objection, it is so ordered.

THE TARIFF.

The VICE-PRESIDENT. The calendar is in order. The Secretary will state the first bill on the calendar.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 1438) to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes.

The VICE-PRESIDENT. The pending question is on the amendment offered by the committee to paragraph 192.

Mr. BEVERIDGE. Mr. President, I wish to give notice now that I reserve the right when the bill shall have reached the Senate to present amendments to paragraph 189, and I have particular reference to the proviso in that paragraph. I am aware that that notice might be given later, but now is as good a time as any. It had been my earnest hope that it might have been discussed in half an hour this morning and disposed of. It had been my still more earnest hope that it might have been discussed, as it well could have been, last night and have been disposed of then.

But a situation was created which prevented that, Mr. President, and so this matter will be brought up in the Senate. We shall find out then whether or not the tens of thousands of retail

and wholesale jewelers of this country who think that their rights are invaded and business partly destroyed by this proviso are to be denied even a brief half hour's hearing in this body.

We shall find out whether tens of thousands of retail and wholesale jewelers, whose business is as dear to them as the great interests of the watch trust are to it, can not have a hearing, even of a brief half hour in the Senate of the United States. We shall find out whether these honorable business men in every city and town of the Nation can not have their case even presented to the Nation's lawmakers.

Yesterday afternoon I was called from this Chamber for only a moment—I think it was the only moment I was absent from the Chamber—and while I was absent, in what the RECORD shows the President of the Senate himself declared was a very hasty procedure, the whole paragraph with this offensive proviso was adopted. When I rose to present some very brief views upon that question I and all here who were interested were met with the objection, as the RECORD shows, from the junior Senator from West Virginia [Mr. SCOTT] that this proviso and the whole section had been agreed to and that everybody was out of order who ventured to discuss it. That objection was persisted in by the Senator from West Virginia [Mr. SCOTT], as the RECORD shows, and finally a condition was created here which made it perfectly clear that not even a limited discussion could be had; that not even a brief presentation of the rights of the men who feel that their business is imperiled by this proviso could be submitted to the Senate; and, while the Senator from West Virginia [Mr. SCOTT] may not have intended such a result, yet the RECORD has gone out; and every retail and wholesale jeweler in his State will know that the person who led the opposition to the consideration or even the presentation of their case before this body was their junior Senator.

Mr. President, I was told last night that when the bill reaches the Senate everybody will be in such haste and so tired that Senators will not listen to those men or to anyone, and that this proviso will pass without discussion. If that is the scheme, it will fail. Let those who entertain that fond hope abandon it. For we shall find out whether even in that late day the business interests of tens of thousands of reputable retail and wholesale men throughout this country are to be sacrificed without even a brief hearing. Only half an hour was asked this morning, an hour at the outside—only ten minutes for myself—to represent the views of those who have a right to have their views presented.

Mr. President, protection is not the point in this proviso; no, but destruction is the point. We want to protect the watch manufacturers of this country. No person wants that done more earnestly than I. I will vote for every cent of protection they need. But that is not the question here involved. The question involved in this proviso is not at all whether we shall protect the American watch industry, and it ought to be and is protected, but the question here is whether or not we shall ruthlessly destroy, for the benefit of that great monopolistic combination, the watch trust, the business interests of men who are making their living as retail and wholesale jewelers and watch dealers in this country.

When I rose yesterday afternoon, I had not intended to say as much in presenting their claims as I have said this morning. But a disposition was evinced last night which we have seen offensively exhibited before in considering this bill. It is such exhibitions which have been the only thing that in reality has delayed the bill. I want to forward this bill with all possible speed, but not at the expense of a poor half hour's hearing of tens of thousands of business men in this country whose interests are as dear to them as the great watch combination's interests are dear to it, and far more righteous.

So, Mr. President, these methods and those who practice them are delaying this bill and nothing and nobody else. To present their cause to this body, is their inalienable right, Mr. President. That they shall at least be heard is their historic privilege as American citizens, and, deeper than that, as men in whose veins runs the blood of our race. Even criminals are heard before they are condemned. Shall honorable citizens be despoiled without at least the same consideration?

A brief hearing when asked would have saved much time, because now the whole question will be investigated and submitted to the Senate as it should be. No objection of a Senator who has gotten into the bill all he wants and now wishes to jam it through to the exclusion of other people's interests will prevent us in the future.

So, Mr. President, I see fit to say this much in reserving the right to offer amendments when the paragraph reaches the Senate; and the cherished expectation of those who think that

they can pass a matter of this kind by denying a hearing, however brief, in the Committee of the Whole, and then—when we get to the Senate to find everybody so tired that no one will listen to these men—those hopes will be dashed to pieces; for these tens and scores of thousands of American business men shall be heard. If they are wrong, let us vote against them; if they are right, let us vote for them; but let us do neither without hearing them.

Mr. DOLLIVER. I desire to ask my friend from Indiana if he would state a little more fully what the complaint of the retail jewelers is in respect to this provision.

Mr. TILLMAN. If I may be permitted—

The VICE-PRESIDENT. Does the Senator from Iowa yield to the Senator from South Carolina?

Mr. DOLLIVER. Certainly.

Mr. TILLMAN. In order that I may be permitted, if possible, to get some light which I did not have last night, and that the Senator from Indiana may have the fullest opportunity, I suggest to the chairman of the Committee on Finance that we reconsider the vote upon this paragraph, and give the Senators the balance of the day to tell us wherein the people are being robbed of their rights.

Mr. BEVERIDGE. No, Mr. President, that phase of the question, so far as I am concerned, has been closed. I tried to stand upon my rights and upon the courtesy of the Senate last night merely in order to voice briefly the interests and, as they think, the rights of tens of thousands of American citizens, but that was made impossible by the creation of a situation with which we are becoming familiar. Now, I stand further on my right and reserve it for the Senate. I am not prepared this morning to go into the matter as fully as it will be gone into then. That course would have been the course to pursue last night, but now it is too late. So once more we see how unfairness delays the bill.

Mr. CULBERSON. I desire to ask the Senator from Indiana if he understands that under the rules of the Senate he must reserve the right to move to amend when the bill reaches the Senate?

Mr. BEVERIDGE. I have just done that, I will say to the Senator from Texas.

The VICE-PRESIDENT. The reservation, however, is not necessary.

Mr. BEVERIDGE. I will state that there has been a difference of opinion here upon that point, and so that no question might arise, the first thing I did, I will say to the Senator from Texas, was to serve notice that I now reserve that right.

Mr. CULBERSON. I ask the Senator if he understood that that was necessary?

Mr. BEVERIDGE. Yes; I have heard it stated that it was necessary. Certainly it is the practice. Anyhow, I will take no chances.

Mr. CULBERSON. My understanding is that at this moment a notice to reserve is not at all necessary, but that a Senator can move any character of amendment after the bill is reported to the Senate.

The VICE-PRESIDENT. Surely no harm can come from it. Mr. BEVERIDGE. No harm whatever; and it has been the practice; and I saw fit in view of the situation thus created to take no chances.

Mr. PAYNTER. Mr. President, I have just ascertained that it is marked by the Clerk that paragraphs 193 and 194 have been agreed to. If so, it was when the bill was first read. I desire that those paragraphs shall be passed over.

Mr. ALDRICH. Paragraph 192 is now under consideration.

The VICE-PRESIDENT. On the first reading, paragraphs 193 and 194 were agreed to.

Mr. PAYNTER. I simply desire to call attention to the fact that I shall desire to have them considered when reached in regular order.

Mr. ALDRICH. I ask that the amendment proposed by the committee to paragraph 192 be adopted.

The VICE-PRESIDENT. The question is on agreeing to the amendment of the committee to paragraph 192.

Mr. BURKETT. I wish to ask the Senator from Rhode Island a question before it is adopted. I have had several communications with reference to some of the cheaper grades of fish. The Senator from Massachusetts, as I understood a few days ago, moved an amendment relative to kippered herring, and so forth, and which I understood adjusted the matter. However, since that time I have had several communications stating that the same question is also involved in paragraph 192, raising the tariff on cans.

Mr. LODGE. It is, and it has been provided for, by the words "such as are hermetically sealed." That takes them all out.

Mr. ALDRICH. It excludes all fish cans.

Mr. BURKETT. That removes the excess of duty.

The VICE-PRESIDENT. The question is on agreeing to the amendment of the committee to paragraph 192.

The amendment was agreed to.

The VICE-PRESIDENT. The paragraph as amended will be agreed to, without objection.

Mr. ALDRICH. The committee propose an amendment to paragraph 194.

Mr. BACON. I wish to inquire of the Senator from Rhode Island if that is not the paragraph we were on yesterday afternoon, to which the Senator said he intended to offer an amendment to-day?

Mr. ALDRICH. Yes; the amendment is on the Senator's desk. It is the amendment offered last night. It excludes from the terms of the paragraph all sardines and everything that is hermetically sealed, and applies only to boxes in chief value of metal lacquered or printed by any process of lithography. It applies only to those particular things.

Mr. BACON. The object being to prevent the class of importations which the Senator designated yesterday evening—

Mr. ALDRICH. Exactly.

Mr. BACON (continuing). Where boxes in themselves valuable were brought in on the plea that they contained nondutiable articles.

Mr. ALDRICH. That is precisely what is intended to be covered by the paragraph, and nothing else.

Mr. PAYNTER. Is it the purpose now to pass on paragraph 193? I think it might as well be disposed of.

Mr. ALDRICH. Has the Senator an amendment to suggest to that paragraph?

Mr. PAYNTER. I desire to call the attention of the Senate to paragraph 193.

Mr. ALDRICH. I ask that the vote by which the paragraph was agreed to may be reconsidered.

The VICE-PRESIDENT. Without objection, the vote will be reconsidered.

Mr. LODGE. Paragraph 193?

Mr. ALDRICH. Paragraph 193.

The VICE-PRESIDENT. The vote on paragraph 193 will be reconsidered, no objection being heard.

Mr. PAYNTER. Mr. President, I wish to call the attention of the Senator to that paragraph. The present law imposes a duty of 45 per cent ad valorem upon bottle caps. A reputable citizen and business man of Kentucky, who is an earnest Republican, who contributes his time and reasonable expenses to support that cause, has invited my attention to this paragraph of the bill, and in doing so he has written me a letter in relation to it. I desire, in this connection, to call the attention of the "progressives" on the other side of the Chamber to what he says. He says that the understanding was—and I infer that he voted the Republican ticket upon the idea—that the tariff was to be a revision downward, and not upward. He also makes a remark that is worthy of consideration when he says that an industry that can not be sustained when it is protected by an ad valorem duty of 45 per cent does not deserve to exist.

It is a singular fact that the duty has been increased upon bottle caps, notwithstanding the record before us shows that not one has been imported into the country. I do not know whether there is an anticipation that the Germans will take possession of our market or that some other country may do it, but at any rate no bottle caps have been imported into this country, and still the rate has been increased 10 per cent ad valorem. With the permission of the Senate, I should like to have the letter read by the Secretary.

The VICE-PRESIDENT. Without objection, the Secretary will read the letter.

The Secretary read as follows:

BERNHEIM DISTILLING COMPANY,
Louisville, Ky., March 31, 1909.

Hon. THOMAS H. PAYNTER,
United States Senate, Washington, D. C.

DEAR SIR: We beg to call your attention to the provision in the new tariff bill in Schedule C, whereby the rate on colored and decorated bottle caps is to be advanced from 45 per cent to 55 per cent. We are very large consumers of these bottle caps, and naturally we feel that our interests should be consulted, as well as that of the manufacturer. We understood, as good Republicans, that this was to be a revision downward and not a revision upward, and in this particular manufacture we can see no reason whatever why the rate should be raised. Domestic manufacturers are doing well under the present rate, and we think that if they can not live with a protective duty of 45 per cent, they do not deserve to live at all. The principal raw metal used in this manufacture is lead, and the duty on that is being reduced, so that will give the domestic manufacture a new advantage, so there is no possible necessity of advancing the duty on caps.

Feeling sure that you will not object to our writing you as being interested in this matter, we beg to remain,
Very respectfully,

BERNHEIM DISTILLING COMPANY,
By L. S. BERNHEIM.

Mr. LODGE. Will the Senator allow me a moment?

Mr. PAYNTER. Certainly.

Mr. LODGE. The Senator is mistaken, I think, in saying that none have been brought in. They came in under the non-enumerated articles, and therefore are not classified. A large number were brought in; millions were brought in.

It appears by the tables that none were brought in, but they came in under the basket clause of articles not enumerated. Also, the duties on lead have not yet been reduced.

Mr. PAYNTER. At any rate, if they were brought in, the rate of duty was 45 per cent ad valorem. I should like very much to see the party of which I am a humble member triumph in the coming election, but at the same time I would be delighted to be able to give to my Republican constituents the assurance that the Republican majority had kept faith with those whose votes gave the Republican party power at the last election. However, I will not be able to do so if the amendment of the Finance Committee is sustained. I do not think there is any reason why this duty should be increased. I trust the Senate will not agree to it.

Mr. SMOOT. Mr. President, I desire to call the attention of the Senator to the fact that when the House adopted this rate the duty on lead was lower than the rate that has been established by the Senate, and all these caps contain at least 95 per cent lead. Therefore the rate we are keeping here is even a lower rate than that fixed by the House.

Mr. PAYNTER. I should like to ask the Senator a question. Does the rate fixed by the Senate increase the duty that previously existed upon lead?

Mr. SMOOT. That is, on pig lead?

Mr. PAYNTER. Yes.

Mr. SMOOT. No; the duty on pig lead is the same as it was.

Mr. PAYNTER. Then there is no necessity for increasing the duty on bottle caps for the reason given by the Senator from Utah.

Mr. SMOOT. The increase is upon the fancy lacquered caps or the highly finished product. Lithographing the man's name upon it and the work of finishing is the great part of the cost of the cap itself.

The VICE-PRESIDENT. Without objection, the paragraph will be agreed to. No objection is heard. The Secretary will state the amendments to paragraph 194.

The SECRETARY. The committee propose to strike out the proviso beginning on line 16, page 68, in the following words:

Provided, however, That all embroidery machines and lace machines, lever or go through lace machines imported prior to July 1, 1911, shall be admitted free of duty.

Mr. ALDRICH. I ask that the proviso be stricken out.

The VICE-PRESIDENT. The question is on agreeing to the amendment striking out the proviso.

Mr. BEVERIDGE. What is the effect of that, Mr. President?

Mr. ALDRICH. The paragraph as it came from the House admitted embroidery machines and lace-making machines free of duty up to July 1, 1911. The Senate committee have changed it so as to admit two classes of machines free of duty. The effect of the present amendment is to strike out all and not let any of them in.

The committee found that there were quite a number of people in this country who had imported these machines of various kinds and had paid duty on them, and they are now in use in this country, and it would be probably an unfair discrimination to let other people import machines free of duty.

Mr. PAYNTER. I propose to offer an amendment that the duty be fixed at 10 per cent ad valorem. I do not think there ought to be any duty. I do not know that I fully understand the Senator from Rhode Island.

Mr. ALDRICH. My proposition is to strike out the proviso entirely.

Mr. PAYNTER. What would be the effect of that?

Mr. ALDRICH. Then if lace machines come in they will pay the same rate of duty as other machines.

Mr. PAYNTER. That would be 45 per cent.

Mr. ALDRICH. Forty-five per cent. There are two or three million dollars' worth of lace machines now in this country.

Mr. BEVERIDGE. Do we make any lace machines in this country?

Mr. ALDRICH. Not at all.

Mr. BEVERIDGE. If we do not make any—

Mr. ALDRICH. We are liable to make them.

Mr. BEVERIDGE. Then this duty is on a liability.

Mr. STONE. The Senator from Rhode Island stated that he wanted to put on this duty because somebody else had brought in machines upon which they had paid a duty and that it would be an unfair discrimination to permit others now to bring them in free. Was that his statement?

Mr. ALDRICH. Yes; that is one statement I made.

Mr. STONE. On that theory we would not put anything on the free list at any time or reduce it.

Mr. ALDRICH. The House provision proposed to admit lace and embroidery machines into this country for a certain period free of duty.

Mr. STONE. Why was that?

Mr. ALDRICH. I suppose on the theory of encouraging embroidery and lace manufacturing in this country. That is the only reason I can imagine. I am convinced myself that there are a large number of manufacturers in the United States who are now engaged in producing embroidery and lace by machines that have been imported and upon which a duty has been paid. I have very grave doubt personally about the policy of admitting any machinery into the United States free of duty. This is a very advanced stage of metal manufacture, and I am perfectly certain that the mechanical genius of the mechanics of the United States will in time enable them to produce machinery for every possible purpose. As a matter of fact, machines are now being constructed in the United States for the production of lace, and I think it would be unfair to all the interests, perhaps, to make this exemption.

Mr. PAYNTER. Mr. President, I do not propose to address myself to the question of clothing or of articles for personal adornment, but to a question that affects the acquisition of knowledge. My remarks shall be confined to the question of reducing the duty on typesetting machines.

Mr. ALDRICH. That is not involved in the proviso.

Mr. PAYNTER. Mr. President, my attention was called to the question, which I will discuss briefly, by one of my constituents, who is a man of intelligence and character, and whose suggestion was worthy of investigation. He is the editor of a weekly newspaper in my State. I made a sufficient investigation to satisfy me that the amendment which I shall discuss should be adopted. The duty on linotype and typesetting machines, under the present law, is 45 per cent ad valorem. Under the House bill it is 30 per cent ad valorem. The amendment, if adopted, would reduce it to 10 per cent ad valorem. The present duty is certainly prohibitive, as no such machines have been brought into the country. Such machines are of so useful a character that publishers and newspapers should be able to obtain them at a reasonable price. The price of the machines is such now that they are not within the reach of any but those who do a large and prosperous business. But few country newspapers can afford them. They should not be deprived of them by a prohibitive duty.

So far as I can learn, it has not been made to appear to the Ways and Means Committee or to the Finance Committee that any duty is necessary to protect the manufacturers of them. Indeed, I do not believe that any duty on them is necessary to protect the manufacturer. This is the only country, save Canada, where the duty is 10 per cent, that imposes a duty on linotype or composing machines. This country is a large user of such machines. If the price was reasonable, the use of them would be enormously increased. There is one manufacturer of linotype machines in this country, and that one, I am told, holds several hundred patents for parts of the machine and for composing machines, and but few of them are in use. It would seem that the Government has given this manufacturer an abundant protection by the numerous patents which have been granted. One manufacturer should not be given the absolute control of our market for the sale of these useful machines. Those who use them should be allowed to purchase them in a competitive market, not one where the price is fixed by the manufacturer. The price fixed is excessively high. It amounts to an extortion on those who are able to buy, and works a great wrong upon those who are unable to buy, by reason of the exorbitant price. Besides, it inflicts a great wrong upon the reading public.

The present prices are a hindrance to the dissemination of useful knowledge, a tax upon knowledge. The tax thus imposed is not for revenue, as none is derived therefrom. It is imposed and is for the benefit of a single manufacturer. By reason of patents the manufacturer of linotype machines enjoys a monopoly of the market, as no machines exactly like it can be made and sold here. The manufacturer also enjoys another monopoly, because the prohibitive duty prevents the importation and sale of composing machines in our market.

The linotype machine in use in this country was invented in 1884-5 and placed on the market in 1888. I am advised that

these machines are sold at 300 or 400 per cent profit. While this information can not be exact, yet there are some circumstances which go to prove that the profits of the company are enormous. By an examination of a book entitled "Washington Securities, 1909," the information is obtained that the Mergenthaler Linotype Company was incorporated under the laws of the State of New York on December 16, 1895. The business is that of manufacturing, selling, and leasing linotypes and other printing-office machines and appliances. The machines are sold at from \$1,500 to \$3,600 each, and are leased for a term of six years at from \$500 to \$775 per year. The company has further income from the sale of parts and supplies. Its plant is located in the Borough of Brooklyn, N. Y. It maintains agencies in New York, Chicago, San Francisco, and New Orleans, and foreign agencies are being established.

On February 23, 1909, the stockholders voted to purchase 75 per cent or more of the stock of the British Linotype Machinery Company (Limited), which owns the Canadian-American Linotype Corporation, and 65 per cent of the stock of the Mergenthaler-Setzmaschinen-Fabrik, of Germany. The capital stock of the Mergenthaler Linotype Company is \$15,000,000, \$10,996,000 par value \$100. Its assets are \$18,433,166.76, a part of which is a surplus fund of \$7,389,932.65.

The statement in the book to which I have just referred is as follows with reference to dividends:

April 1, 1896, to April 1, 1897, 16 per cent; July 1, 1897, 2½ per cent; October 1, 1897, to December 31, 1900, 10 per cent regular and 10 per cent extra; March, 1901, June, 1901, and September, 1901, 2½ per cent each; December, 1901, 2½ per cent regular and 3½ per cent extra; and since then to 10 per cent regular, payable quarterly on the last days of March, June, September, and December, and 5 per cent extra, payable with the regular December dividend.

The stock is now selling at about 208, which shows it is making immense profits, and is declaring large dividends. In order to make the stock attractive to the public, the action of the company is given with reference to the proposition to buy the controlling interest in foreign companies, presumably the only companies that could compete with this machine with its product in foreign markets or in the markets in this country.

The mere statement of the fact shows that the company has the purpose of acquiring the absolute control of the markets of the world where these machines may find sale. By reason of the high duty that has been fixed upon composing machines, it has destroyed all competition in this country. As an evidence of the fact, many composing machines have been patented, but only three or four are manufactured, and there seems to be no competition in their sale. Perhaps there is an agreement between these manufacturers in relation to the matter.

It may be said that duty is necessary to protect the manufacturer from competition in the American market. I do not think it is. The Mergenthaler Company certainly does not really believe so, because it states in a book entitled "Washington Securities, 1909," that it is preparing to establish foreign agencies. Of course, that is an admission that it can sell the machines in foreign countries in competition with typesetting machines manufactured in those countries. Otherwise it would be folly to establish foreign agencies. If it can do this, it certainly ought to have no apprehension of serious competition here.

The rapid growth in wealth of the company, as shown by its dividends and almost seven and one-half millions of a surplus fund, shows that there is no occasion for fear of any kind of competition. The average increase of the surplus fund during the past four years amounts to nearly \$1,000,000 per year, which is about equivalent to the 10 per cent upon the paid-up capital stock.

The facts show that a monopoly exists. In an editorial which appeared in the Bath County (Ky.) World, it is said:

By reason of this monopoly on composing machines, two manufacturers are enabled to demand from \$3,000 to \$3,600 for machines that cost them only from \$500 to \$750 to manufacture; one of these same manufacturers, and another of a different class of machines, each get \$1,500 for a product whose estimated cost is only from \$250 to \$300; and a third manufacturer gets \$1,100 for a machine the estimated cost of which is about \$225. This matter affects chiefly the country publishers. The city publishers can and do pay the exorbitant prices demanded, but thousands of country publishers are not able to do so and must continue to resort to laborious and tedious hand composition, whereas but for this monopoly they would be able to buy composing machines at from \$500 to \$1,000, possibly the best make of machine at the latter figure.

The Publishers' League issued a bulletin, giving some information in regard to composing machines, and, among other things, said:

Every publisher recognizes the necessity of composing machines. The pages of nearly every daily newspaper, and of most magazines, are set by mechanical means. In offices where they are not used, it is due largely to their excessive cost. It is a well-known fact that if composing machines were sold at a reasonable price, that would give a fair profit to the manufacturer, thousands more would be in use.

Those publishers who are now compelled to pay a high price in purchase, or submit to exorbitant rentals, would be able to use more machines and see better returns for the money invested in this class of machinery.

A saving of from \$1,000 to \$1,500 in the price of a machine, or the reduction in rental to, say, \$200 per year, would mean a degree of prosperity to which publishers are entitled. *Weekly newspapers now compelled to rely upon an indifferent quality of labor for hand composition, could enjoy the advantages of machine composition at a reasonable cost.*

The responsibility for the present high price of composing machines rests with the Mergenthaler Linotype Company, of the United States. Through the protection afforded by an import duty of 45 per cent, through the impotent and incomplete laws of the Patent Office, through oppression and intimidation and the suppression of competitive machines, this concern has been able to hold up publishers and compel them to pay tribute to their monopoly.

Mr. BURKETT. Mr. President, I should like to ask the Senator from Kentucky a question.

The PRESIDING OFFICER (Mr. KEAN in the chair). Does the Senator from Kentucky yield to the Senator from Nebraska?

Mr. PAYNTER. I do.

Mr. BURKETT. Do I understand the Senator's amendment is in regard to linotype and type-setting machines provided for in this paragraph?

Mr. PAYNTER. Yes; my proposition is to reduce the duty to 10 per cent ad valorem. So far as I am personally concerned, I should be very glad to put them on the free list, but anticipating that there might be some opposition to the suggestion that they may come in free, I propose to fix the duty at 10 per cent.

Mr. BURKETT. I understood the Senator to say he would strike them out of this paragraph, and I was going to call his attention to the fact that that would leave them under the general provision in the next paragraph at 45 per cent. I did not understand that the Senator proposed to reduce the duty to 10 per cent ad valorem.

Mr. PAYNTER. If what the Senator from Nebraska suggests is true, of course that ought to be corrected. My attention had not been called to that. Upon reflection, I can say the effect of my amendment will not be as suggested by the Senator from Nebraska. My amendment clearly substitutes 10 per cent for the previous rate of duty.

The present tariff (45 per cent) prohibits competition. Remove the duty and composing machines will be sold at a fair price and still yield a reasonable profit to their makers.

When the linotype was first placed on the market it sold for \$3,000, and the estimated cost of manufacture was \$1,500. To-day the selling price is \$3,000, and in some instances \$3,600, although the cost of manufacture, according to expert testimony, has been reduced to less than \$500 per machine. Such improvements as have been made are charged to the publisher at extraordinary rates. For instance:

Simplex linotype costs to build, \$500; selling price, \$3,000; rental, \$500 a year.

Standard two-letter linotype costs to build, \$500; additional cost of improvements, \$25; selling price, \$3,125; rental, \$600.

Duplex linotype costs to build, \$600; additional cost of improvements, \$35; selling price, \$3,250; rental, \$600.

Double magazine costs to build, \$750; additional cost of improvements, \$100; selling price, \$3,600; rental, \$700.

The official report of the Mergenthaler Linotype Company for the year ending September 30, 1905, states that during the year previous 868 machines were sold for \$2,436,978. *The gross profit on these sales, involving less than half a million dollars to manufacture, was more than \$2,000,000. Surely the publishers in the United States have paid well for their machines.*

Had American inventive genius been given an opportunity, there would not exist to-day any monopoly in composing machines. There would have been at least 100 different composing machines on the American market and the United States would have been the manufacturing center of this class of machinery for the entire world. It is not through any lack of brains that there are not any other machines on the market. *Patented improvements on composing machines have been brought out by the hundreds, not for the purposes of manufacturing, but simply to be shelved. Inventors have been literally scared into submission, and every effort toward competition has been stifled. For what reason? Simply to permit the Mergenthaler Linotype Company to occupy the field alone.*

There are 13,000 country newspapers in this country without composing machines. Their type are set in the same old way. They should have the chance to obtain at reasonable prices modern instrumentalities to produce their papers to meet the demands of a progressive and exacting reading public. The means of obtaining, giving, and disseminating knowledge should be produced as cheaply as possible. Every facility for the press should be afforded. The Government can not put its functions to a more beneficial use than in lending the necessary aid in the education of the people and the distribution of knowledge. The country newspaper is intended to meet the need of the towns and country. As there is a segregated population in the cities, there is such a demand for the great daily newspapers that they obtain immense circulation. While the country newspapers can not obtain so great a circulation as the dailies, still they supply the demand for newspapers in their respective localities. Their weekly arrival is as anxiously awaited by their patrons as are the dailies by their patrons. They are just as much needed and appreciated in their sphere of circulation as are the dailies in theirs. The country newspaper carries interesting news; is instructive and useful. It

contains a record of important events of the week, gives an account of the acts of public servants, and contributes largely to the formation of public opinion and greatly aids in the creation of a healthy public sentiment for the enforcement of the penal and remedial statutes of the country. An honest and independent press is essential to the preservation of the rights of the people. Let us hope that it possesses both of these attributes.

The following quotation is attributed to Richard Brinsley Sheridan, in Bent's Short Sayings of Great Men. In supporting the liberty of the press, in 1810, he said:

Give them a corrupt House of Lords, give them a venal House of Commons, give them a tyrannical prince, give them a truckling court, and let me have but an unfettered press; I will defy them to encroach a hair's breadth upon the liberties of England.

If Congress would safeguard the independence of the press it should not retain on our statute books laws which prevent newspapers from obtaining the material they need at reasonable prices, for their prosperity and success remove from their pathway obstacles which do not conduce to independence.

I believe that 10 per cent ad valorem is more than sufficient to protect a manufacturer of composing machines in a home market.

I appeal to the Senator from Rhode Island [Mr. ALDRICH] to accept my amendment. If he does, he will not do an injustice to anyone, but will give the struggling country newspapers hope for the future and render his country a great service.

Mr. CLAY. Mr. President, I ask that paragraph 213 of the bill be read.

The PRESIDING OFFICER. Without objection, that paragraph will be read, at the request of the Senator from Georgia.

The Secretary read paragraph 213, as follows:

SCHEDULE E.—SUGAR, MOLASSES, AND MANUFACTURES OF.

213. Sugars not above No. 16 Dutch standard in color, tank bottoms, sirups of cane juice, melada, concentrated melada, concrete and concentrated molasses, testing by the polariscope not above 75°, ninety-five one-hundredths of 1 cent per pound, and for every additional degree shown by the polariscope test, thirty-five one-thousandths of 1 cent per pound additional, and fractions of a degree in proportion; and on sugar above No. 16 Dutch standard in color, and on all sugar which has gone through a process of refining, 1.90 cents per pound; molasses testing not above 40°, 20 per cent ad valorem; testing above 40° and not above 56°, 3 cents per gallon; testing above 56°, 6 cents per gallon; sugar drainings and sugar sweepings shall be subject to duty as molasses or sugar, as the case may be, according to polariscope test.

Mr. CLAY. Mr. President, I do not want the Senate to reach the conclusion, because I have several pages of manuscript here on my desk, that I intend to occupy much of the time of the Senate. I do not intend speaking exceeding forty or fifty minutes, and probably I shall be able to complete my remarks in less time than that.

Mr. President, I shall devote these remarks almost entirely to the sugar schedule. I will say, before I begin that discussion, that I am one Senator, and I speak for myself, and I believe that I voice the sentiment of the people of Georgia when I say that I hope by the 1st day of June the Senate will vote on the bill and let the country know what we intend to do in regard to the tariff. We are all now fully aware of the fact, Mr. President, what the Senate intends to do in regard to the passage of this bill. We have seen by the votes which have been taken that this bill, in all probability, will pass the Senate just as the Finance Committee has reported it, because on the different test votes it has been demonstrated that a majority of the Senate will sustain the Finance Committee, and it is useless to keep the Senate here for weeks or months, until August or September, discussing this bill. We shall not do the country any good by delay unless we can accomplish some results.

Again, the Senator from New York [Mr. DEWEY], in his discussion the other day, referred to the fact, when he was addressing my colleague [Mr. BACON], that the Democratic party was absolutely a free-trade party. Mr. President, I insist that a tariff for revenue sufficient to support this Government, expending a billion six hundred thousand dollars a year, will give all the protection that the most ardent protectionist could possibly desire.

Neither Alexander Hamilton nor Henry Clay ever contemplated that such protection would be given to the industries of our country as a tariff for revenue sufficient to support the Government at this time would give.

Again, I do not subscribe to the doctrine that we ought to have in this country, generally speaking, free raw material. I believe that a tariff for revenue for the purpose of supporting this Government ought to be levied in such a way as to do substantial justice to every section of our country and to every product of our country.

Mr. President, if the Democratic party was in power and I had anything to do with shaping tariff legislation, I should insist that a tariff for revenue should give the same consideration to the State of Massachusetts and to the State of Indiana that it did to the State of Georgia; and if the Republican party

believes in a tariff for protection, it is manifestly just that the Republican party shall levy that tariff so that the burdens and benefits accruing under it shall be distributed to every section of our country.

But, Mr. President, I did not rise upon this occasion for the purpose of discussing the tariff generally. I will say, however, before I begin the discussion of the sugar schedule, that I noticed the Senator from Utah [Mr. Smoot] said something the other day on the floor of the Senate during the course of his remarks that I have heard here before. He was speaking of the tariff in regard to the razor manufacturing industry in this country, and the Senator told the Senate that 90 per cent of the cost of razors came from labor. I was at one of the departments this morning, and I was unable to find any manufactured article where 90 per cent of the cost went into labor. The Senator from Utah, Mr. President, read a statement from the manufacturers of razors. That was a colored statement; and, I fear, in many instances, this bill has been framed and based upon the testimony of those interested when the whole case was not heard. Every argument that I have heard upon the floor of the Senate to sustain an increase has come from those who were deeply and vitally interested in the result.

But, Mr. President, I shall confine my remarks to the sugar schedule. I regard the sugar schedule as one of the most important in this bill, because during the last twelve years one-sixth of the revenue flowing from customs duties has come from taxation on sugar.

The American people are great consumers of sugar. The consumption of sugar in the United States for the year 1908 was 3,185,789 tons, about 81 pounds per capita. Nearly two-thirds of this sugar came from foreign countries into the United States. Under the present law there were imported into the United States for the fiscal year ending June 30, 1907, 2,329,564 tons of sugar. This included the sugar coming from Hawaii free of duty. We received 347,509 tons of sugar paying the full tariff duty. We received from the Philippine Islands 10,700 tons of sugar, from Cuba 1,340,000 tons, from the Hawaiian Islands 418,102 tons, and from Porto Rico 212,853 tons. The total amount of beet sugar produced in the United States last year was only 440,200 tons, and the total amount of cane sugar produced was only 335,000 tons. Thus it will be seen that only a small amount of the sugar we use in the United States is produced in our country. The American Sugar Refining Company, called the "sugar trust," goes into foreign countries, purchases raw sugar, brings it into this country after paying tariff duties, refines it, and sells it to the people of the United States. The American Sugar Refining Company, commonly called the "sugar trust," owns the principal sugar refineries in the United States, and is almost without competition in refining sugar. In calculating the cost of sugar to the American people we must understand the tariff duties levied by Congress on raw sugar and refined sugar; we must know what advantage the American Sugar Refining Company, or the sugar trust, has over foreign refineries. We must clearly understand that the tariff duty on refined sugar is nearly 2 cents per pound, and is so high as to almost entirely prohibit the importations of foreign sugar into this country. We must clearly understand that the American Sugar Refining Company, commonly called the "sugar trust," controls nearly all of the refineries in the United States, controls the entire market in the United States both as to raw and granulated sugar.

The beet grower and the cane grower of sugar both are compelled to sell to the sugar trust in order to get raw sugar refined and ready for the market, and are bound to take the price fixed by the sugar trust. Now, what does the tariff on sugar cost the American people annually? The total duties collected on raw sugar for the year 1907 were \$54,310,082. This vast sum was paid by the American people who consumed sugar in tariff duties on one of the necessities of life. Look at the price of sugar in London, Hamburg, and New York. This clearly illustrates what the tariff on sugar costs each American consumer. I insert the average market values per pound of refined sugar in London, New York, and Hamburg from 1904 to 1908:

| | Cents. |
|-------------|--------|
| 1904—London | 3.65 |
| New York | 4.77 |
| Hamburg | 2.49 |
| 1905—London | 4.06 |
| New York | 5.26 |
| Hamburg | 2.97 |
| 1906—London | 3.41 |
| New York | 4.52 |
| Hamburg | 2.29 |
| 1907—London | 3.50 |
| New York | 4.65 |
| Hamburg | 2.39 |
| 1908—London | 3.22 |
| New York | 4.96 |
| Hamburg | 2.64 |

Mr. FOSTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Louisiana?

Mr. CLAY. I prefer not to yield until I get further on, because I want to keep to the line of my argument if I can.

Mr. FOSTER. Very well.

The PRESIDING OFFICER. The Senator from Georgia declines to yield.

Mr. CLAY. The average wholesale price of granulated sugar in Hamburg for 1908 was 2.64 and in New York 4.96 cents per pound. As I have before said, the American people consume about 81 pounds of sugar per capita annually. When the new census is completed I believe the figures will show 90,000,000 people in the United States. If each person in the United States consumes 81 pounds of sugar annually, the total amount consumed would be 7,200,000,000 pounds, provided we have 90,000,000 people. Now, I have said that sugar was selling in Hamburg at 2.64 cents per pound at wholesale prices and in New York at 4.96 cents per pound. Now, what is the difference in the selling price in New York and Hamburg? Two and thirty-two one-hundredths cents per pound. Multiply the number of pounds the American people consume by the difference of price in Hamburg and New York markets and you will ascertain how much more the same amount of sugar would cost in the United States than in Hamburg.

I have some figures and facts which go to show that the average difference, taking the last dozen years, would be 1.80 cents per pound. Take this as a definite basis and multiply the number of pounds of sugar we consume by the difference of price in Hamburg and New York markets and it will amount to \$136,080,000. These figures may not be absolutely correct, but they are substantially so. I am basing this calculation on a population of 90,000,000 people. The Government only gets fifty-three millions in customs duties, leaving eighty-three million and eighty thousand, most of which goes to the sugar trust. Only a small part of it, if any, goes to the grower of beets or to the producers of raw cane sugar. The American people have paid taxes on an average of fifty millions per year during the last twelve years on sugar, amounting to fully \$600,000,000. The American consumers of sugar have paid to the American Sugar Refining Company, commonly called the "sugar trust," at least fifty-five millions per year in profits, amounting in twelve years to \$660,000,000.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Utah?

Mr. CLAY. I would like to get along—

Mr. SMOOT. I was just going to ask the Senator where he gets those figures. I have the figures here from Willett & Gray.

Mr. CLAY. I got my figures from the Agricultural Department; I did not get them from the American Sugar Refining Company. I got them from a department that represents the American people.

The American people are not aware of the fact that if the sugar we import came into this country free of any duty, both raw and refined, the cost of sugar to the American consumer would be reduced nearly one-half. I am not insisting that both refined and raw, or either, should come to this country free of duty, but there ought to be a substantial reduction over the rates fixed in the Dingley law. The argument has been made that sugar is a great revenue producer and that we expend a large amount of money and must resort to this tax on the American consumer in order to raise revenue to carry on the expenses of our Government. Why should we take one of the necessities of life used by the entire American people and increase its cost to the consumer one-half when the amount of the revenue now produced by sugar could easily be supplied by an income tax? The Senator from Texas [Mr. BAILEY] estimates that if this income-tax amendment to the tariff bill is adopted it will produce in revenue the sum of \$80,000,000.

Mr. NELSON. Will the Senator yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Minnesota?

Mr. CLAY. I would rather go on, because I do not desire to consume the time of the Senate.

Mr. NELSON. Just a moment for a suggestion, which I think will help the Senator. There seems to be some mistake about the profits. They can not have made that much, for they have been obliged to cheat the Government to the extent of two and a quarter million dollars, I believe.

Mr. CLAY. I like to yield to the Senator always; but he is making part of my speech. [Laughter.]

Yes, they have had us give them free sugar from the Hawaiian Islands since the Dingley law was passed; they have had us give them free sugar from the island of Porto Rico; they have had us give them concession sugar from the island of Cuba; and,

notwithstanding that fact, they have stolen from the Treasury of the United States during the last seven years more than \$9,000,000.

The Senator from Iowa [Mr. CUMMINS] has also introduced an income-tax amendment, and he sets forth figures to show in the event it is adopted it will produce forty or fifty millions of revenue. Who will deny that it is to the best interests of the American people to take the tariff off of sugar and give to the American people cheap sugar costing about one-half what they now pay for granulated sugar and to supply this loss of revenue by taxing incomes above \$5,000? I have no war to make on wealth, but an income tax is a just and proper tax. A citizen who owns a million of dollars or a half million with an income of \$50,000 per year is able to pay the income tax, and by reason of the protection that his property receives at the hands of the Government, and by reason of the benefits accruing to him as a citizen from the Government, ought to be willing to bear the burdens of the Government in proportion to his wealth. The Government is called upon almost daily to interfere with strikes and prevent the destruction of property and to protect men of great wealth engaged in operating railroads, coal fields, iron furnaces, and to save their property from destruction. It is just and right that those who have been successful in business and who have accumulated large wealth and who have been the recipients of such benefits from the Government should take from their income a reasonable sum to assist in paying the expenses of the Government. They receive more benefits from the Government than the plain citizen who works for his daily bread. They look to the Government to protect their wealth, and how any patriotic citizen who is so fortunate as to enjoy a large income and who is so fortunate as to have his property protected from all danger by the strong arm of the Government can oppose paying an income tax I can not understand.

Let us give to the American people cheap sugar. Let us grasp the sugar trust by the throat and strangle it to death and keep in view the interest, the happiness, and welfare of the plain people of America. We must remember that sugar is an important article of food daily consumed by every man, woman, and child in the country. This being true, the people had the right to expect that the Finance Committee of the Senate would treat it as a necessity and tax it accordingly; but, on the contrary, it has been singled out as a subject of attack equal to 78 per cent of its bond value. I have been confronted with facts and figures which show that this food product pays a tax of nearly 80 per cent, while many articles of luxury in this country are taxed at much lower rates. Why should we place a tax on sugar at nearly 80 per cent and only 45 per cent on automobiles? Why should we place a tax on sugar of nearly 80 per cent and 10 per cent on diamonds? Why should we place a tax of nearly 80 per cent on sugar and 35 per cent on costly furs? Why should we place a tax of 80 per cent on sugar and only 50 per cent on expensive feathers and trimmed hats? I have figures and facts before me which clearly show that the American Sugar Refining Company, commonly called "the sugar trust," has repeatedly sold considerable quantities of sugar for export at nearly 2 cents per pound less than the price quoted in the domestic market. Why should the American Sugar Refining Company be placed in a condition by law which enables the company to sell to the American people at nearly 5 cents per pound and to export and sell in other countries at 3 cents per pound? If the American Sugar Refining Company, commonly called "the trust," can export and sell sugar at 3 cents per pound abroad and this trust sells the same sugar in America at nearly 5 cents per pound, who can wonder that the sugar trust has doubled, and even quadrupled, its investments yearly?

I have been dealing with the year ending June 30, 1908. Take the sugar we imported in 1907, 3,726,339,201 pounds. At Hamburg prices this sugar would cost \$100,611,153, while at New York prices the same sugar would cost \$181,125,523. The difference would be \$80,514,365 against the American people. The Payne bill provides that sugar testing 96° shall pay a duty of \$1.68½ per hundred pounds, and for each degree above 96° 3½ cents per hundred pounds shall be added until refined sugar is reached, and when this is done an extra 7½ cents per hundred pounds shall be added, which excess is called a refiner's differential. This makes the duty on refined sugar \$1.90 per hundred pounds, while under the Dingley law the whole duty on refined sugar is \$1.95 per hundred pounds. Before the American consumer or merchant can purchase refined sugar in foreign countries (except Cuba), a tariff of nearly 2 cents per pound must be paid; consequently the sugar which the consumer buys in America is without competition. The tariff is so high on refined sugar that the foreign

refiner of sugar can not send his sugar into America. Last year only 219 tons of refined sugar came into the United States from foreign countries. By reason of this legislation the American people are helpless. They necessarily must purchase their sugar from the sugar trust and pay the price fixed by the trust, for the trust is without competition. It is inconceivable to me how the Finance Committee of the Senate and the Ways and Means Committee of the House in revising the tariff have neglected so vital an interest affecting the entire American people. The sugar trust, so far as I know, has had no representative here, either before the Ways and Means Committee, or the Finance Committee of the Senate. Judging from the treatment which the sugar trust has received, this corporation needed no representative before either committee. The Finance Committee has granted the trust all the favors desired without a hearing and so has the Ways and Means Committee of the House.

Under the bill reported the consumer of sugar in the United States must continue to pay 5 cents per pound for the sugar consumed. We must remember that the American workman during the last few years has had a hard time to earn a living. We must not only consider the wages which he draws, but we must consider the necessities of life which he consumes. Flour has almost doubled in value, meat and meal have advanced in price, so has clothing, and it costs the American workman nearly twice as much to live to-day as it did twelve or fifteen years ago. We must strive to decrease the cost of living, and we must not by legislation create fortunes for any particular class. We must not create conditions by legislation which will enable the rich and powerful to double their fortunes at the expense of the plain people of America. We must not forget that sugar is one of the necessities of life and that the American people spend nearly \$400,000,000 per year for sugar and that the cost of sugar could be reduced at least one-third by a proper revision of the tariff. Now, what is the differential? When we find the tariff rate fixed on 100 pounds of raw sugar and the tariff rate fixed on 100 pounds of refined sugar and subtract the one from the other, this will leave the differential allowed the sugar refiners of the United States as against the sugar refiners of foreign countries. I have heard it said that the differential under the Dingley bill was 26½ cents per hundred pounds and 21½ cents under the Payne bill—that is, the differential between the tariff on raw and refined sugar. That is raw sugar testing 96°.

Such a statement is not a fair one and can not be borne out by the facts. Last year we had imported into this country 347,509 long tons of sugar, which paid the full tariff duty of \$1.68½ per hundred pounds, while refined sugar paid a duty of \$1.95 per hundred pounds under the Dingley law, which would leave a differential of 26½ cents per hundred pounds and which would leave a differential of 21½ cents per hundred pounds under the Payne bill. Mark you, this is the differential on sugar coming into this country which pays a full duty. Concession sugar coming into the United States may be summed up as follows; that is, raw sugar which does not pay a full duty:

| | Tons. |
|-------------------|-------------|
| Philippines ----- | 10, 700 |
| Cuba ----- | 1, 340, 400 |

And this raw sugar comes into the United States with a reduction of 20 per cent of the tariff fixed by the Dingley bill, consequently raw sugar coming from Cuba pays a duty of only \$1.48½ per hundred pounds, and the differential in favor of the refiner on sugar coming from Cuba would be 20 cents per hundred greater than sugars paying full duties. In other words, the sugar trust engaged in refining sugar, instead of paying a tariff duty of \$1.68½ per hundred pounds on raw sugar coming from Cuba, would pay a tariff duty of only \$1.48½ per hundred pounds, and the sugar refiner, instead of having a differential of 21½ cents under the Payne bill, would have a differential of 41½ cents per hundred pounds on all sugar coming from Cuba.

We receive sugar free from the Hawaiian Islands; consequently the American sugar refineries, commonly called "the trust," purchase raw sugar in the Hawaiian Islands without the payment of any duty whatever, and we receive from these islands 418,102 tons of raw sugar, and we receive from Porto Rico, without any duty, 212,853 tons of raw sugar. In fact, most of this raw sugar was produced in these islands by the American sugar refineries at a cost of about 2 cents per pound. This great trust has purchased the sugar plantations in those islands and dominates and controls the production and price of raw sugar therein. Now the sugar trust, by reason of the reciprocity treaty with Cuba, purchases raw sugar at 20 cents per hundred pounds cheaper than before the ratification of the reciprocity treaty with Cuba. Notwithstanding this fact the sugar trust continues to sell refined sugar at the same price,

pocketing the reduction that was intended for the American and Cuban people, and adding this 20 cents per hundred pounds to its colossal fortunes. The American sugar refineries control the production of sugar in the Hawaiian Islands, and we receive from those islands 418,102 tons of raw sugar and from Porto Rico 212,853 tons of raw sugar, without any tariff duties, and notwithstanding this fact the trust did not give the American people the benefit of this free sugar; but, being without competition, continued to sell refined sugar to the American people for the same price.

Neither did the people of those islands receive any substantial benefits by reason of this reduction on tariff duties. In fact, the information I have leads me to the conclusion that the sugar trust has purchased large plantations in Cuba, controlling the production of sugar in that island and producing sugar, which this corporation refines, at less than 2 cents per pound. It will do no good to reduce the tariff on raw sugar and allow the high tariff to remain on refined sugar. The sugar trust, controlling practically all of the refineries in the United States and the tariff being so high on refined sugar that foreign competition is destroyed, can keep up the price of refined sugar, regardless of the fact that the trust is able to buy raw sugar at reduced prices. We must allow sugar to come into this country even free of duty if by such competition we can destroy the American Sugar Refining Company. It does no good to give the sugar trust cheap raw sugar to refine when the trust refines it and continues to sell to the American consumer as though a tariff duty was paid of \$1.68½ per hundred pounds. This trust has wrung millions wrongfully from the pockets of the American people, and deserves no mercy or consideration at the hands of the American Congress. We must not get a mistaken idea in regard to the average differential between refined and raw sugar. The calculation heretofore has been made on the theory that the American Sugar Refining Company pays a tariff of \$1.68½ per hundred pounds on all raw sugar coming into this country, when this is not true. If you will take the sugar imported into this country paying full duty, the sugar coming from the Philippines with a reduced duty, the sugar coming from Cuba with a tariff reduced 20 per cent over the Dingley bill, and the free sugar coming from the Hawaiian Islands and Porto Rico, you will find that the average tariff duty paid on sugar by the sugar trust, instead of being \$1.68½ per hundred pounds, amounts to \$1.04.

I hold in my hands a statement furnished me by an expert, which I am sure correctly describes the situation:

| | Long tons. |
|--|------------|
| Full dutiable sugar..... | 347,509 |
| Concession sugar in the Philippines..... | 10,700 |
| Concession sugar in Cuba..... | 1,340,400 |
| Free sugar in Hawaii..... | 418,102 |
| Free sugar in Porto Rico..... | 212,853 |
| Total..... | 2,329,564 |

The total duties on all raw sugar were \$54,310,082. The sugar refiners of this country got all of this raw sugar at a tariff cost of \$54,310,082, or \$23.31 a long ton. The raw sugar when equalized in this way amounts to 1.04 cents per pound. In other words, when you take the sugar coming into this country paying the full duty and the concession sugar coming from the Philippines and Cuba and the free sugar coming from Hawaii and Porto Rico and equalize the tariff duties, the sugar trust pays \$1.04 per hundred pounds on all raw sugar received instead of \$1.68½ per hundred pounds. In fixing the present rate for refined sugar five one-hundredths of a cent was deducted from the old rate of \$1.95 per hundred pounds, so that the present differential between 96° sugar and refined sugar is 21½ cents per hundred pounds. Now, the real tariff paid on raw sugar by the sugar trust is \$1.04 per hundred pounds. The duty on refined sugar is \$1.90 per hundred pounds as fixed in the Payne bill. There is no reason for adding the differential of 21½ cents per hundred pounds on refined sugar to \$1.68½, the duty on raw sugar testing 96°. This assumes that the refiners pay \$1.68½ per hundred pounds on all raw sugar, while, as a matter of fact, they only pay \$1.68½ on 341,961 long tons of sugar. On all dutiable refined sugar the trust pays on an average \$1.37 per hundred pounds, and all imported raw sugar \$1.04 per hundred pounds; that is, when we add together the sugar paying full duty and the concession sugar coming from the Philippines and Cuba and the free sugar coming from Hawaii and Porto Rico. If 21½ cents be assumed as a proper differential and the Payne bill makes that assumption, then it should be added to what imported raw sugar as a whole costs refiners, to wit, \$1.04 per hundred pounds, and not to what a particular item costs them, \$1.68½ per hundred pounds.

The duty on refined sugar, even from a Republican standpoint, should not be more than one hundred and twenty-five and a

half hundredths, instead of one hundred and ninety hundredths, as the Payne bill proposes. The duty imposed in the Payne bill on refined sugar proceeds on the idea that the refiners have actually paid \$1.68½ per hundred pounds on all raw sugar imported, when in fact the trust has paid this duty only on 344,961 tons of raw sugar. The sugar trust actually get 2,329,564 tons of raw sugar at a duty of \$1.04 per hundred pounds and the differential of 21½ cents per hundred pounds should attach to this and not to the duty of \$1.68½ per hundred pounds. This calculation is made on sugar testing 96°.

This analysis has been furnished to me by an expert familiar with the sugar business, and, I believe, will be found to be absolutely correct. I have considered the figures myself most carefully and made comparisons, and I challenge a successful contradiction of these figures. It is amazing to me with what indifference the Ways and Means Committee of the House and the Finance Committee of the Senate have treated this subject, of such vital importance to the entire people of the United States. We were called in extra session to make a substantial revision of the tariff, and here is one item, by reason of existing duties, that costs the American people nearly \$400,000,000 per year, and there has not been given to this item the slightest attention. Such a revision of the tariff is a sham and a humbug. I quote from the Washington Times an article full of meat on this important subject, and the figures and facts set forth therein will be found to be absolutely correct. The Washington Times asked the question:

Who gets the benefit of the high protection which the Dingley law places on sugar? Practically the same protection is retained by the Payne and Aldrich bills. Somehow or other it makes the American people pay for sugar about \$113,000,000 more per annum than they would pay if they got the prices which prevail abroad. The Government gets \$52,000,000 of that excess in revenue. But whence goes the rest? Does it go to the beet-sugar producer?

The Times further adds:

The testimony adduced before the Ways and Means Committee of the House seems to indicate that most of the benefits go to the trust.

The trust controls a large proportion of the beet-sugar producing capacity of the country. If the beet-sugar people get the benefits, then the sugar producer gets much of it. But does the beet-sugar producer need it? Does he need all he gets under the present law?

The answer in part is to be found in the simple statement of some trade facts. Denver is the point of origin of a great beet-sugar traffic. The Colorado granulated sells in Denver at \$5.25 per hundred. The same sugar is shipped 1,000 miles east, to Chicago, pays the highest freight rates on the continent, and sells for \$4.85. The Colorado market is monopolized by the Colorado producers because of the long distance from the Hawaiian sugar at the Pacific or the Cuban sugar at the Atlantic coast; so Colorado, which ought to have sugar at \$4.85, less the freight to Chicago, is held up for 40 cents more than it ought to pay.

The article, going further, says:

Now let the Pacific coast situation be investigated. Beet granulated is produced in California at large profits. The Hawaiian sugar, 450,000 tons annually, is practically duty free, and the San Francisco refineries are the nearest to it. California should have the cheapest sugar in the United States; yet San Francisco quotes \$5.40—55 cents more than Chicago and 15 cents more than Denver.

Sugar at Chicago ought to cost more than at either Denver or San Francisco. In fact, it costs considerably less.

This is possible simply because there is such an immense margin for manipulation within the limits of profitable prices that the trust charges just what it pleases, wherever it pleases. So the trust has a general deal with the Hawaiian producers of raw sugar, by which it takes practically their entire output and hauls it to New York by way of the Pacific for refining. California is left to the tender mercies of the California beet-sugar producers, and pays the highest price on the continent, or nearly that, when it ought to have the lowest.

Whether the beet-sugar industry could continue in business if the protection were reduced is the subject of a difference of opinion. It is noted, however, that most of the witnesses before the Ways and Means Committee who were neither sugar-trust agents nor beet-sugar people believed that a reduction of one-half or thereabouts in the duty would be perfectly safe, so far as concerned the beet interests. The substance of all this testimony—the only testimony from people not concerned in the trust—was well stated by Claus Spreckels, of the Federal Sugar Refining Company of New York. This company refines about one-tenth of the sugar refined in the country. Mr. Spreckels declared that the tariff as now adjusted gives all the advantage to the trust. He said:

I would be perfectly satisfied if you should agree upon free trade in both raw and refined sugars. I would prefer absolute-free trade to the present schedule, under which the sugar trust is the principal beneficiary and enabled to exact special privileges and conditions on sugars produced in Louisiana and the Hawaiian Islands.

Mr. Spreckels said:

I claim that beet-sugar factories in proper localities, such as Colorado, California, Utah, Idaho, and Oregon, should, and I am informed can, produce granulated sugar at 2.5 cents per pound.

As far as Louisiana is concerned, I contend that the sugar trust is in position to seize, in its discretion, a large share if not all of the benefit of the protection granted, and as far as our colonies are concerned they are to-day able to produce sugar in competition with the rest of the world.

Mr. Spreckels further said:

Under the circumstances I believe the sooner our Government reduces and gradually wipes out entirely the duty on sugar the better it would be for the country and all concerned.

The article in the Times was well written, and commenting upon Mr. Spreckels's testimony, says:

This from a man who is fighting the sugar trust, and who, though his business is small in proportion to that of the trust, is willing to take his own chances in the competition with the duty entirely removed.

Mr. Spreckels does not believe the beet people need the protection; he does not think the Louisiana growers get it, because the trust takes it away from them; he finds that the colonies can compete with the world and take care of themselves, and finally, as an independent refiner, he would prefer free trade in sugar.

Well does the Times say:

This testimony seems to point the conclusion that the sugar trust is the only real beneficiary from the tariff as now adjusted.

Once more the question may be asked: "Is the sugar trust worth what the country is paying to maintain it?"

The Times, concluding this editorial, says with force:

There ought to be some way of getting answers to that question. If the Finance Committee is not prepared to give a convincing answer it has not done its duty well.

The article written in the Washington Times above quoted in my judgment is unanswerable. I doubt if the Finance Committee of the Senate will attempt to answer it. The Washington Post, one of the great newspapers in this country, in an editorial recently published, plainly tells Congress the way to secure a cheaper sugar is to reduce the excessive duty on refined sugar. The Habana Post, published in Habana, Cuba, in an editorial which I hold before me, says:

The sugar imported from Cuba is raw. It is imported by the trust. By the time it is refined and reaches the consumer the price is just as high as it was before Cuban reciprocity. The trust gets its raw material cheaper, sells at the same old figure, and pockets the difference. The money made out of Cuban reciprocity should be in the Treasury or in the pockets of sugar consumers. Not a dollar of it gets away from the trust.

The same paper says:

The way to secure cheaper sugar is to reduce the excessive duty on refined sugar. Let the sugar trust surrender a part of its exorbitant protection. Give foreign refined sugar a chance to make fair competition with the sugar trust. Then the consumer may receive some benefit.

The Habana Post was quoting from the Washington Post, and says:

Our contemporary is right in demanding reduced duty on refined sugar. Little of the refined product is imported by the United States and the decrease in revenue from this source would be comparatively nil. Lower duty on refined sugar would unquestionably help to solve the problem of cheaper sugar in the United States.

What do we understand by the term "sugar trust?"

The American Sugar Refining Company is commonly called the "sugar trust." This trust has constantly violated both the criminal and civil laws of our country. It is unconscionable and has continually robbed the American people since its organization. Instead of knocking at the door of Congress seeking to increase its fortunes at the expense of the masses of the people by reason of favorable legislation, its officers and those directing and controlling its formation and operation ought to be at the bar of the criminal courts on trial for most serious criminal offenses, and instead of enjoying their ill-gotten wealth they deserve to be serving long terms in our federal prisons.

I hold in my hands a short editorial from a reputable newspaper in New York, published many years ago, paying its respects to the American Sugar Refining Company. This editorial says:

Press reports of the trial of the sugar trust, ended yesterday by a jury verdict of guilty, hardly have brought out the shocking nature of the charge and of the evidence to support it. It was a case of plain stealing of the most contemptible kind. False weights were systematically used in order to defraud the Government, so the jury found, and their verdict of guilty also, included the finding that this habitual cheating could not have been carried on without the knowledge of the officers of the corporation. This makes up about the most damning case against a rich company that we have had. Here was no question of rebating or secret trade agreements, but just pilfering day after day. The fat hand of the sugar trust was filching daily from the Treasury till. For depravity and sneaking meanness this would be hard to beat.

I hold in my hands a semimonthly publication published by the Tariff Reform Club, No. 2 Williams street, New York City, published in New York, July 30, 1890, worthy of the attention of the Finance Committee of the Senate. This article gives facts and figures showing that for the last two years previous to the publication the profits of the sugar trust in 1888 were

27½ per cent, and 24½ per cent in 1889 on its nominal capitalization of \$50,000,000, over two-thirds of which was water. On its real valuation the profits for 1888 were over 92 per cent and for 1889 over 80 per cent. Every cent of the profits of sugar refining in 1888-89, above a fair profit, was taken from the consumers of sugar in this country in the form of an indirect bounty that could never have been squeezed from the people of this country had sugar been on the free list. I quote from a speech made in the House when the Dingley bill was under consideration by Mr. Swanson, who was a Member of Congress from Virginia and who is now governor of his State. It was a masterly speech against the tariff fixed in the Dingley bill on sugar, and the argument produced by him on that occasion, in my judgment, is unanswerable. Mr. Swanson said:

Let us examine and see the immense profits made by the sugar trust on account of the beneficial legislation given it by Congress.

Mr. Swanson further said:

Senator Jones, of Arkansas, told me that when the Wilson bill was under consideration he wrote to Bradstreet and to Dun to furnish him an estimate of the value of the property owned by the trust. They fixed its value at about \$10,000,000.

Mr. Swanson further said:

The best evidence is that when organized not over \$9,000,000 in cash was put into the trust. It was organized in 1887. With this amount of original investment the company was capitalized at \$37,500,000 of preferred stock and \$37,500,000 of common stock.

Mr. Swanson said during the debate that the preferred stock could be sold to-day at \$115 per share, which would make it worth about \$43,000,000. The common stock could be sold to-day at about \$145 per share, which would make it worth about \$45,000,000. Thus the trust to-day could dispose of its stock for about \$88,000,000. Thus by a sale to-day they could pay about \$9 for every \$1 in cash put in. But this does not measure entirely the great profits received by its organizers.

Quoting further from Mr. Swanson, he said:

It has paid a dividend of 7 per cent on its preferred stock and of 12 per cent on its common stock annually, which would make an aggregate of \$7,100,000 each year. Thus the company pays each year a dividend of about 70 per cent upon the real money invested. For the last seven years these dividends would aggregate more than \$50,000,000, which, added to what could be received for the stock to-day, would make it about \$138,000,000. Thus those who contributed to the organization of this trust can to-day, after seven years, receive about \$15 in value for every \$1 put in.

Mr. Swanson, further describing the trust, said:

There is scarcely anything in the annals of speculation or investment that can rival the profits made by these favorites of legislation. Then it must be remembered that these vast profits have been made during times of distress and of business depression, while merchants, manufacturers, farmers, and those engaged in other enterprises and industries have been depressed and many become bankrupt, yet this favored trust has been each year growing richer and making greater profits. While others have gone to wreck and ruin this trust has attained unsurpassed prosperity. How has this come about? How has the trust been enabled to make these vast profits? It has been done alone by favors which Congress has bestowed upon it. Their opportunity has come alone from law.

He could have added:

These large profits have been made at the expense of the American people.

Mr. H. O. Havemeyer, in a sworn statement, said that nowhere in the world could sugar be more cheaply refined than in the United States. If this be true for refined sugar, it should be as cheap to the American as to the English consumer, and if it were not for the duty sugar could not for any length of time sell in the United States more than one-fourth cent higher than in England, including the cost of transportation.

From the best information I have been able to obtain, the sugar trust was formed in November, 1887, by the consolidation of 20 of the leading refineries, whose total true value at the time the trust was formed was estimated to be between seven and ten millions of dollars. While the actual value of the property of the trust was not greater than \$10,000,000, the sugar trust stocked the company at \$50,000,000. By dismantling certain plants and annexing others, the trust reduced the number of refineries in operation to 10, with a total capacity of 28,500 barrels. Outside of the trust there were only 5 refineries, with a total capacity of 10,400 barrels. Of late years it has been impossible to secure any accurate returns of the profits of the American Sugar Refining Company. If the profits were so large as I have described up to the passage of the Dingley bill and a few years after the passage of the Dingley bill, of late years the profits must necessarily have been much greater. The cheaper the sugar trust can buy raw sugar from abroad and bring it into this country the greater the profits they make on refining it, and the more free sugar the trust is able to buy with the present high tariff on refined sugar the greater will be the profits of the trust. Now, when the duty on raw sugar is \$1.68½ per hundred, and this duty has to be added to the price of raw sugar, and the duty on refined sugar

is \$1.90, the difference in the tariff between refined and raw sugar would only be 21½ cents per hundred. Every time the tariff on raw sugar is reduced, which enables the sugar trust to purchase raw sugar at low rates, such reduction goes to the sugar trust, because the sugar trust has no foreign competitor, for the reason that the duty on refined sugar is so high foreign countries can not afford to attempt to ship it into this country. The present tariff law allows the sugar trust an absolute monopoly of the sugar market in the United States. The sugar trust buys raw sugar from abroad and at home as cheaply as possible, refines it, and sells it at a high price, because foreign countries can not afford to pay \$1.95 per hundred on refined sugar and export it to this country.

Sugar from the Hawaiian Islands has been coming into this country free for many years even before the Dingley law was enacted, but at the time the Dingley law was enacted only a small amount of sugar was produced in the Hawaiian Islands. Each year the sugar industry has developed wonderfully in those islands, and every pound of that sugar comes into this country free of duty, and the sugar trust buys it without paying any tariff duties, manufactures it into refined sugar, and sells it to the American people at about 5 cents per pound, selling it at the same price the trust sells sugar on which it pays a duty of \$1.68½ per hundred, and instead of the American people getting the benefit of the free sugar which comes from the Hawaiian Islands the sugar trust gobbles it up and the Government gets no revenue from the sugar coming from the Hawaiian Islands, and neither do the American people get any benefit in the way of reductions.

From information which I have in my possession I am sure the American sugar refineries control the production of sugar in those islands either directly or indirectly.

In 1898 the Hawaiian Islands produced 499,766,798 pounds of sugar, which came into this country free of duty; in 1899, 462,299,880 pounds; in 1900, 504,713,105 pounds; in 1901, 690,800,832 pounds; in 1902, 720,553,357 pounds; in 1903, 774,825,420 pounds; in 1904, 763,492,092 pounds; in 1905, 832,721,387 pounds; in 1906, 746,602,637 pounds; in 1907, 821,014,811 pounds; in 1908, 1,077,570,637 pounds; from July 1 to December 31, 1908, 383,448,790 pounds. Most of this sugar was produced by the American sugar refineries. These refineries purchased plantations in the Hawaiian Islands and produced sugar at less than 2 cents per pound. If this sugar had paid a tariff duty of \$1.68½, the revenue to the United States would have been \$132,014,236. The Dingley bill did not contemplate that the American sugar refineries would ever receive this amount of free sugar from the Hawaiian Islands. If the sugar trust received this amount of free sugar from the Hawaiian Islands without paying the \$1.68½ per hundred, there ought to have been either a corresponding reduction in refined sugar to the American people or an increased price to the people of the Hawaiian Islands. This is impossible, because most of the sugar produced in those islands was produced by the American refineries. Not only has the sugar refineries had the benefit of free sugar from the Hawaiian Islands, as above stated, but they have been the recipient of other favors at the hands of the Government of the United States.

Porto Rico became a part of the United States after July 25, 1901. In 1900 Porto Rico produced 52,212,796 pounds of sugar; in 1901, 142,956,601 pounds; in 1902, 183,817,049 pounds; in 1903, 226,143,508 pounds; in 1904, 259,231,607 pounds; in 1905, 271,319,293 pounds; in 1906, 410,554,618 pounds; in 1907, 408,149,992 pounds; in 1908, 469,205,082 pounds; from July 1 to December 31, 1908, 58,297,520 pounds of sugar. So soon as Porto Rico was made a part of this country after July 25, 1901, sugar came from Porto Rico to the United States free of any tariff duty and the sugar trust purchased this raw sugar without paying a cent of tariff duty. When annexation took place, and even before, the sugar trust purchased large plantations in Porto Rico and took control of the production of sugar in those islands. Wherever the sugar refineries produced their own sugar in those islands it cost about 2 cents per pound. The American sugar refineries, commonly called "the trust," have been wide awake looking to the production of raw sugar in the Hawaiian Islands, Porto Rico, and Cuba. The sugar trust has purchased, either directly or indirectly, large tracts of sugar lands in those islands producing an abundance of raw sugar at about 2 cents per pound; consequently since the passage of the Dingley Act the trust has been able to purchase a large part of raw sugar refined at low prices. Congress was not aware of the fact that the sugar trust was to have the benefit of this free sugar at the time Porto Rico was annexed to the United States, for this sugar coming from Porto Rico had paid the same tariff duty that raw sugar paid coming from either France or Germany into this country.

The revenue going into the Treasury on the sugar coming from Porto Rico since 1901, if the Dingley rate had been imposed, would have amounted to \$39,175,242. Who received the benefit of this vast sum? The benefit going to the people of Porto Rico was hardly appreciable. The sugar trust undoubtedly received the greater part of this sum. If this corporation had manifested the slightest interest in the welfare of the American people when this free sugar was received from Porto Rico, most assuredly a reduction would have been made to the American consumer corresponding to the reduction in refined sugar. This is not the only special favor the American Sugar Refining Company had from the American people. The reciprocity treaty with Cuba took effect December 27, 1903, fixing the duty on sugar at 20 per cent less than the regular rates; consequently when the sugar trust bought raw sugar in Cuba and brought it into this country for the purpose of having it refined and ready for use, instead of paying a tariff duty of \$1.68½ per hundred, the trust received the sugar with a tariff duty of \$1.48½, and necessarily the raw sugar purchased in Cuba by the trust was at a much lower rate than the raw sugar purchased from either France or Germany or anywhere else outside of the United States.

The sugar trust, after the reciprocity treaty with Cuba, immediately invested large amounts in sugar plantations in Cuba and began the cultivation and production of raw sugar. The raw sugar produced in this way cost the trust about 2 cents per pound. The argument was made, and at the time it was made I thought it was true, that when raw sugar came into this country cheaper by reason of the reduction of the tariff duty, then the American consumer would necessarily receive refined sugar at a lower rate. But such was not the case. This selfish corporation instead of reducing the price on refined sugar purchased the raw sugar in Cuba at a reduced rate or produced it at 2 cents per pound, refined it in America, and sold it at the same prices, without making the slightest reduction; consequently most of the reduction on raw sugar in Cuba went to benefit the American Sugar Refining Company, commonly called the "sugar trust." How much did the sugar trust receive by reason of this reduction? Mark you, when the American sugar refineries received the right by law to bring raw sugar from Cuba with a reduction of 20 per cent over the Dingley bill, the American refineries immediately purchased large sugar plantations in those islands, controlling the production of sugar and producing it at about 2 cents per pound.

In 1904 Cuba produced 1,964,922,816 pounds of sugar, which came into this country with a reduction of 20 per cent over the Dingley bill; in 1905, 1,924,842,312 pounds; in 1906, 2,522,590,500 pounds; in 1907, 3,166,163,975 pounds; in 1908, 2,462,063,894 pounds. From July 1 to December 31, 1908, 552,405,387 pounds.

By reason of the reduction of the tariff of 20 per cent over the rates fixed in the Dingley bill, or by reason of the duty remitted, \$41,071,313 was taken from the Treasury of the United States, and the American consumers of sugar did not receive any reduction whatever in the price of refined sugar. Most of this vast sum intended to be for the benefit of the American and Cuban people went into the pockets of the American Sugar Refining Company. I say the people of Cuba did not receive any substantial benefit by increase of price in raw sugar, and that this vast sum went to the sugar trust, and I produce the figures to sustain my position.

In 1901, before the reciprocity treaty with Cuba, the average price of raw sugar was \$2.40 per hundred pounds; in 1902, \$1.85 per hundred pounds; in 1903, \$1.78 per hundred pounds—and the reciprocity treaty went into effect December, 1903; in 1904, \$2 per hundred pounds; in 1905, \$3.12 per hundred pounds; in 1906, \$2.16 per hundred pounds; in 1907, \$2.18 per hundred pounds; in 1908, \$2.59 per hundred pounds.

Mark you, the price of raw sugar in Cuba in 1901 was \$2.40 per hundred pounds, and the first year after the reciprocity treaty went into effect the price of raw sugar in Cuba was \$2 per hundred pounds, a decrease instead of an increase.

I repeat, neither did the American people nor the people of Cuba receive any substantial benefit by reason of this reduction. This demonstrates that a reduction of the duty on raw sugar without a reduction of the duty on refined sugar, will be of no substantial benefit to the American people.

On March 8, 1902, Congress fixed the duty on sugar coming from the Philippine Islands into this country at 75 per cent of the regular rates, making a reduction of 25 per cent; and from that day until the present time raw sugar has been coming from the Philippine Islands into the United States at 75 per cent of the regular rates. Not the slightest benefit has ever accrued to the American consumer by reason of this reduction. During this time since the Dingley law was enacted the duty on refined sugar has been \$1.95 per hundred pounds. The cheaper sugar re-

fineries of this country can buy raw sugar, the greater the profits of the trust. The trust was enabled by reason of these tariff laws to buy raw sugar at an exceedingly low price. The trust in reality fixed the price of beets consumed by the refineries. The trust fixed the price of raw cane sugar and they supplied almost the entire market in the United States with refined sugar because the tariff on refined sugar is so high, being \$1.95 per hundred pounds; companies engaged in refining sugar have no foreign or domestic competition. Think of it! The American sugar refineries during the last dozen years have received the principal part of the \$132,014,236 on the free sugar coming from the Hawaiian Islands. That is, if a tariff had been imposed on this sugar of \$1.68½ per hundred pounds, this amount of revenue would have gone into the Treasury and would have been added to the cost of raw sugar used by the sugar trust.

Surely, some substantial benefit ought to have gone either to the people of the Hawaiian Islands or to the people of the United States by reason of this free sugar. The sugar trust has received the principal part of \$41,071,313 lost to the Treasury by reason of the adoption of the Cuban reciprocity treaty. This treaty was made in good faith and those of us who supported it expected a substantial benefit both to the people of Cuba and to the American people. This same corporation has received a large part of the \$39,175,242 lost to the Treasury by reason of free sugar coming from Porto Rico, which sum ought to have gone either to the people of Porto Rico or to the American consumer of sugar. Congress intended that the American consumer should have the benefit of the free sugar coming from the Hawaiian Islands into this country and the free sugar coming from Porto Rico into this country and the reduction in the duty on sugar coming from Cuba into this country and the reduction in the Philippine sugar coming into this country. The argument was made that both the American consumer and the people of these islands would be benefited by these sugar concessions. I doubt if one dollar of this vast sum has gone into the pockets of the American people and certainly this large amount was lost to the Treasury of the United States. If, in its early history, this corporation organized in the State of New Jersey with ten millions of capital, has made as high as 91 per cent on its actual investments, who can estimate its profits for the last seven or eight years with an abundance of free sugar coming from the Hawaiian Islands, Porto Rico, and a reduction of the tariff on sugar coming from Cuba and the Philippine Islands? If the same rate of duty (\$1.68½ per hundred pounds) had been charged on sugar coming from the Hawaiian Islands, Porto Rico, Cuba, and the Philippine Islands during the last ten years, the sugar brought from these places to the United States would have paid into the Treasury \$212,220,773. This vast sum has not gone to the American people. It has not gone into the Treasury of the United States. Notwithstanding the fact that Congress intended that this free sugar and concession sugar from Cuba and the Philippines should give to the American consumer a reduction in refined sugar, the sugar trust, grasping and selfish, forgetful of the necessities of the American people, has placed most of the duties received into its coffers. If there had been a corresponding reduction on refined sugar, so that the sugar trust would have had foreign competitors, then the sugar refineries of this country would necessarily have had competition, and these reductions, amounting to over two hundred millions, would have gone in part to the American consumers and not to the American Sugar Refining Company. The American people would be astounded if they had the facts and figures going to show the profits made by the sugar trust during the last dozen years.

I have said the reduction of the tariff of 20 per cent on raw sugar in Cuba December 27, 1903, over the Dingley rate gave no substantial benefit to the people of Cuba, and neither did the reduction reduce the price of refined sugar to the American people; thus necessarily this reduction went into the pockets of the sugar refineries of the United States. The facts and figures which I have set out in my argument heretofore demonstrate this proposition to a mathematical certainty. No one contends that the American consumer received his refined sugar any cheaper than he did before. It is true that raw sugar sold higher in the Hawaiian Islands than in Cuba, and some substantial benefit went to the people of the Hawaiian Islands by reason of the sugar coming to this country free, but the inhabitants of those islands have produced only a small part of the sugar produced there annually. The sugar refineries of the United States recognized that sugar could be produced in those islands cheaper than anywhere else in the world, and that sugar had no tariff duty to pay coming from Hawaii and a reduced duty to pay coming from Cuba. The sugar trust has taken

advantage of these conditions and has bought most of the sugar lands in Hawaii and actually controls the production of sugar in those countries at a cost of 2 cents per pound, and the cost of refining ranges from three-eighths to five-eighths of a cent per pound. I am informed that of late years the cost of refining has been reduced to one-fourth of a cent per pound; consequently the sugar refineries in this country owning plantations in the Hawaiian Islands produce their raw sugar at about 2 cents per pound. The cost of refining can not exceed one-half cent per pound. The total cost of production and refining would be 2½ cents per pound, and the trust sells this sugar to the American people at from 4½ cents to 5 cents per pound, doubling their money on every pound of sugar sold to the American consumer. The same can be said of Porto Rico. The American sugar refineries control most valuable sugar lands in Cuba and produce raw sugar there at less than 2 cents per pound, bringing it to this country with a reduction of 20 per cent over the Dingley bill, refine and sell it to the American consumer at a profit of 1 cent per pound—that is, if I have been correctly informed in regard to the amount of money that it costs the refineries to produce raw sugar on their plantations in Hawaii and Cuba. The most grasping and unconscionable trust to be found anywhere is the American Sugar Refining Company, commonly called the "sugar trust." The steel trust and the Standard Oil, in point of dishonesty and unscrupulous conduct, are suckling babes in comparison to the sugar trust.

The sugar trust now controls and owns a majority of the stock in the sugar-beet factories of this country—that is, about 51 per cent of the stock. When the Dingley Act was passed, nearly all of the raw sugar we used came from foreign countries—

Mr. FOSTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Louisiana?

Mr. CLAY. Certainly.

Mr. FOSTER. I do not want to interrupt the Senator, but he is stating a historical fact now as to the reduction of the tariff on sugar by congressional action in so far as Cuba is concerned. I should like to ask him whether every sugar producer in this country, beet and cane, did not violently protest against this action of Congress, and did not the Senator from Georgia vote for that treaty?

Mr. CLAY. I voted in favor of the reciprocity treaty with Cuba. I believed that sugar would come into this country cheaper. I believed that the people of Cuba would probably get a little more for their sugar. I found that I was mistaken; that the trust, while buying its raw sugar cheaper, continued to sell its refined product to the American people at the same price.

We only import into this country now 340,000 tons a year on which the importer pays a duty of \$1.68½ per hundred pounds. At the time the Dingley bill was passed we imported into this country more than 2,000,000 tons, paying a duty of \$1.68½ a hundred. There has been a revolution in the situation since the Dingley bill passed. And for this Congress to sit here and simply allow the Dingley rate to stand when the sugar trust is receiving to-day one-third of its sugar without paying any duty, is criminal to the American people.

I say to you that you will put into the pockets of the trust hundreds of thousands and millions of dollars if this tariff law stays upon the statute books for ten, twelve, fifteen, or twenty years.

The differential between 96-degree sugar and refined sugar is 26½ cents per hundred pounds, as fixed by the Dingley bill—

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Utah?

Mr. CLAY. Yes.

Mr. SMOOT. I know the Senator wants to be fair.

Mr. CLAY. I do, most assuredly. I proposed to get through in forty minutes, but I find I will not be able to do it.

Mr. SMOOT. I think the Senator from Georgia wants to know what the actual differential is to-day between the raw sugar coming into this country and the refined sugar.

Mr. CLAY. I understand it as well as I do my A, B, C's.

Mr. SMOOT. May I ask the question I have in mind?

Mr. CLAY. Yes.

Mr. SMOOT. I will ask the Senator if a duty of \$1.90 per hundred pounds, on the basis of 96 per cent sugar, does not give to the refiner a differential of only 7½ cents?

Mr. CLAY. I will answer that.

Mr. SMOOT. Is not that true?

Mr. CLAY. No. I take this position, and I know I am right. I do not always know I am right, and I never say I am right unless I feel that I am on sure ground. I think I can give

you the entire sugar schedule. Raw sugar, testing 75°, pays a tariff duty of 95 cents per hundred pounds.

Mr. SMOOT. That is true.

Mr. CLAY. On every degree above that it pays a tariff of 3½ cents additional until it reaches 100°.

Mr. SMOOT. That is true.

Mr. CLAY. When it reaches 100° there is, under this bill, 7½ cents additional duty placed on it. Under the Dingley bill it was 12½ cents per hundred pounds.

Mr. SMOOT. That is the differential of 7½ cents.

Mr. CLAY. I understand what the differential is. I am giving you the whole law. I thought at one time that nearly all of the sugar that comes into this country was either 95 or 96° sugar. That is not true.

Mr. SMOOT. If it came in at 81°, or if it came in at 75°, or any other percentage, the same differential would apply.

Mr. CLAY. Why, Mr. President, the census reports show that most of the sugar ranging from 96° to 100° is consumed as raw sugar and is never refined.

Mr. SMOOT. Why, Mr. President—

Mr. CLAY. Five per cent of the sugar that we consume in this country, Mr. President, is a high class of raw sugar. Sugar ranging from 96° to 100° is a very high-class sugar. We do not refine much sugar between 96° and 100°, if the reports of the Census Office are correct.

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Utah?

Mr. CLAY. Yes.

Mr. SMOOT. All I want the Senator to understand is what the real differential is. I say, Mr. President, that to-day, no matter what the percentage of the sugar is—

Mr. CLAY. I will answer the Senator's question right now.

Mr. SMOOT. Under the bill, as reported to-day, with a duty of \$1.90, the differential is 7½ cents; and when the duty was \$1.95 the differential was 12½ cents. I care not what the test of sugar may be, whether it is 80 per cent or 90 per cent.

Mr. CLAY. I know what I am talking about and I am not guessing at it. I know that what I have said is correct, because I have gone over it repeatedly, and I state to the Senator that the differential between 96° sugar and refined sugar is 26½ a 100. Am I correct?

Mr. SMOOT. Absolutely.

Mr. CLAY. I know I am right about it.

Mr. SMOOT. That which—

Mr. CLAY. Ninety-seven degree sugar—

Mr. SMOOT. Wait a minute.

Mr. CLAY. I want to answer the question.

Mr. SMOOT. I want to tell the Senator.

Mr. CLAY. I do not want any instruction on it. I know exactly how to answer it.

Mr. SMOOT. Your statement only half states it.

Mr. CLAY. Up to 100°—

Mr. SMOOT. I want the Senate to understand it. On 96°, of course, there is 26½ cents difference, but, mind you, there are 4 additional points on refined sugar, because refined sugar is 100 per cent, and if each one of these points represents 3½ cents amounts to 14 cents, deducted from 26½ cents, leaves 12½ cents differential. On the \$1.90 rate there is 5 cents less; and the Senator knows these are the facts.

Mr. CLAY. If the Senator had kept his seat quietly I would have explained the very point that he has been trying to explain.

Mr. SMOOT. The Senator admits—

Mr. CLAY. Will the Senator give me a half minute and let me get through? I will then explain it in brief.

Mr. SMOOT. That is all I want.

Mr. CLAY. I stated that the differential between sugar testing 96° and refined sugar was 26½ points. On sugar testing 97° and refined sugar the difference is 3½ points less. On sugar testing 98° the difference is still 3½ points less. On sugar testing 99° the differential is 3½ points less. On sugar testing 100° there is a differential of 7½ cents. Does the Senator think I understand it?

Mr. SMOOT. That is just exactly what I stated.

Mr. CLAY. Then if the Senator had been quiet he would have gotten the information. I have not tried to point out anything in this case except what I can sustain by the evidence.

Mr. SMOOT. Does the Senator say that the differential on refined sugar under the bill as reported here at \$1.90 is only 7½?

Mr. CLAY. The difference on 100° refined sugar is 7½.

Mr. SMOOT. Is not all the sugar refined here by the refiners 100°?

Mr. CLAY. All refined sugar is 100°.

Mr. SMOOT. That is what the committee—

Mr. CLAY. I want to go along with this argument. It is an imposition on the Senate and an unnecessary consumption of time. I do not intend to do it, and I never have done it.

Mr. FOSTER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Louisiana?

Mr. CLAY. Certainly.

Mr. FOSTER. It is a practical proposition which is presented to this body. I ask the Senator this practical proposition—whether it is not a fact that the difference between refined sugar to-day and raw sugar is, under the Dingley bill, less than ever in the history of this country? That is a practical proposition, which goes to the consumer.

Mr. CLAY. I will say this to the Senator: If the same conditions existed to-day that existed when the Dingley law went into effect, when the tariff on refined was \$1.95 and on raw sugar \$1.68½, that would be true. But I insist that conditions have changed, that an abundance of free sugar has come into this country; and the average differential instead of being 12½ cents, as under the Dingley law on refined sugar, at this time is 91 cents, and I believe I can demonstrate it to the Senate.

Mr. FOSTER. I admit the free importation of sugar from all these islands; I admit for the sake of the argument every statement the Senator from Georgia has made; but I submit to him this practical proposition: With free sugar coming from Hawaii, Porto Rico, with concessionary sugar coming from Cuba, is it not a fact that the difference between raw sugar and refined sugar—that which the consumer obtains—is under the Dingley bill less to-day than ever in the history of sugar production in this country?

Mr. CLAY. I do not think so.

Mr. FOSTER. Is not that a fact?

Mr. CLAY. It is not. I do not think so. I will say to the Senator—

Mr. FOSTER. I can demonstrate it, I think, beyond any controversy.

Mr. CLAY. When I get through with my remarks I will yield to hear the speech of the Senator and to answer any questions which Senators may desire to ask.

Mr. CLAPP. Will the Senator pardon an interruption?

Mr. CLAY. Most assuredly. I am going to quit directly and continue some other day.

Mr. CLAPP. I think, in describing the reciprocity treaty with Cuba, the Senator omitted a very important fact. It was one of the most truly reciprocal arrangements I ever knew of, because the rate of duty which we took out of sugar just about corresponded with the advance in price of the stock of the American Sugar Refining Company. It was truly reciprocal.

Mr. CLAY. Will the Senator repeat that? I did not catch it.

Mr. CLAPP. I say, in discussing the Cuban reciprocity treaty, when any schoolboy ought to have seen that the only purchaser of raw sugar was the trust, and that reducing the duty on raw sugar would not benefit the American consumer, nevertheless we adopted that plan of reciprocity; and I say it was truly reciprocal, because the proportion of points we reduced the duty just about corresponded to the increase of points in the stock market of the stock of the American Sugar Refining Company.

Mr. CLAY. I quite indorse the speech of the Senator from Minnesota. There is no contention between us in the least on that point.

We are to have under this bill 300,000 tons of free sugar from the Philippine Islands.

Mr. NEWLANDS. Mr. President—

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Nevada?

Mr. CLAY. Certainly.

Mr. NEWLANDS. Did I understand the Senator to say that the present importations from the Philippine Islands amount to 300,000 tons?

Mr. CLAY. No; I did not say that. Our present importations from the Philippine Islands are only a small amount, I think 10,400 tons; but I will say to the Senator this bill provides that hereafter the people of the Philippine Islands shall be allowed to import into this country 300,000 tons of sugar free of duty. The sugar that comes from the Philippine Islands at this time pays a duty of 75 per cent of the Dingley law. The sugar that comes from the Philippine Islands in the future will be absolutely free to the extent of 300,000 tons.

Mr. FOSTER and Mr. SMOOT addressed the Chair.

Mr. FOSTER. Will the Senator allow me to ask him a question?

The VICE-PRESIDENT. To which Senator does the Senator from Georgia yield?

Mr. CLAY. I will yield to both. I will yield first to the Senator from Louisiana and then to the Senator from Utah.

Mr. FOSTER. If we have free sugar in the Philippine Islands, Hawaii, and Porto Rico, and then practically have free sugar from Germany and the other sugar-producing countries of the world, what will become of the domestic industry?

Mr. CLAY. I will reach that point later. I am not in favor of free sugar. I believe we ought to reduce the duty on refined sugar since we have given the trust so much cheap raw sugar, so that there will be only a small difference between the tariff on the refined sugar and the tariff on raw sugar. In fact, I would abolish the differential.

Mr. FOSTER. Will the Senator give me an idea as to what he would suggest as a proper reduction on refined sugar?

Mr. BORAH. Mr. President, I can not hear the Senator from Louisiana. I should like to hear him.

Mr. FOSTER. I ask the Senator if he will suggest what he thinks is a fair reduction on refined sugar and a fair reduction on raw sugar.

Mr. CLAY. When the Dingley law was passed Mr. Dingley thought that the differential of 26½ points between 96° sugar and refined sugar was about right. I mean after it reached 100 points it ought to have 12½ cents additional. If now we are getting raw sugar in this country that has reduced the average tariff on raw sugar from \$1.68½ to \$1.04, even if you follow the Dingley law there must be a corresponding reduction in the duty on refined sugar. Mr. Dingley insisted that under no circumstances should the differential be more than 12½ points after it reached 100, or more than 26½ points on 96° sugar. It is now 91 cents.

Mr. SMITH of Michigan. Mr. President—

Mr. CLAY. In one moment. I will first yield to the Senator from Utah.

Mr. SMOOT. The Senator made a statement that all the refineries were in the hands of the sugar trust. Mr. Spreckels testified before the Ways and Means Committee—and he, by the way, is an independent refiner—that from 50 to 60 per cent of all the sugar refined in America is refined by independent refiners.

Mr. CLAY. I am not in close touch with either Mr. Spreckels or the sugar trust. I never talked with them about it. I do not know what they think about it.

Mr. SMOOT. Does the Senator say that all the refineries in this country are owned or controlled by the American Sugar Refining Company?

Mr. CLAY. No; I do not. I will tell you what Mr. Moody says on trusts. He says himself that 90 per cent of the sugar refined in this country is either refined by the trust or by subsidiary companies that the trust controls.

Mr. SMOOT. I have stated that the figures show that there is not 28 per cent or nearly 28 per cent—

Mr. BRISTOW. Mr. President—

Mr. CLAY. I will yield to the Senator from Kansas as soon as the Senator from Utah gets through.

Mr. BRISTOW. I should like to ask if the Senator will give me permission to ask the Senator from Utah a question.

The VICE-PRESIDENT. The Senator from Georgia has yielded to the Senator from Utah, and he has promised that he will yield to the Senator from Kansas when the Senator from Utah has concluded.

Mr. BRISTOW. By permission of the Senator from Georgia and of the Senator from Utah, I should like to ask the Senator from Utah a question.

The VICE-PRESIDENT. Will the Senator from Georgia yield for that purpose?

Mr. CLAY. Yes.

Mr. BRISTOW. I should like to know where the Senator from Utah gets his figures, and what is his source of authority?

Mr. SMOOT. The testimony of Mr. Spreckels before the Ways and Means Committee.

Mr. BRISTOW. That is your source for the amount of money the trust has invested in beet sugar?

Mr. SMOOT. No.

Mr. BRISTOW. What is the source?

Mr. SMOOT. The source is the statement of their resources and liabilities as published and sworn to.

Mr. BRISTOW. The statement of the sugar trust?

Mr. SMOOT. It is the statement of their resources and liabilities, the annual statement that they publish.

Mr. BRISTOW. Whose statement?

Mr. SMOOT. The statement that the sugar refining company itself published for its stockholders.

Mr. BRISTOW. The sugar trust's statement as to the amount it controls?

Mr. SMOOT. That is exactly what I said. I do not see how anybody else knows, if they do not know.

Mr. BRISTOW. I just wanted your authority, and I have it.

Mr. SMOOT. It is made public; everybody knows it.

Mr. CLAY. Is the Senator from Utah through?

Mr. SMOOT. In relation to the sugar trust owning sugar lands in Hawaii, does the Senator know that they own one acre of land there?

Mr. CLAY. Mr. Spreckels, the old gentleman, originally did own those lands; but the information I have here, and which I am going to put in the Record before I get through, is that since his death that interest has been sold out.

Mr. SMOOT. Mr. Spreckels is competing in this country in refining sugar with the sugar trust, and the sugar trust, I am told, does not own an acre of land in Hawaii.

Mr. SMITH of Michigan rose.

Mr. CLAY. Now I will yield to the Senator from Michigan; but I want to get through. I will be through in a few minutes, I am sure.

Mr. SMITH of Michigan. I was very much interested in the statement of the Senator from Georgia as to the productive sugar capacity of the Philippine Islands. As I understood him, upon some one's information he asserted that there was a possibility of producing 1,000,000,000 tons of sugar in the Philippine Islands.

Mr. CLAY. I do not know it myself. I have been informed that in five years that country could bring into this country at least 300,000,000 tons of sugar annually.

Mr. SMITH of Michigan. Does the Senator from Georgia believe that it is good policy to develop the sugar industry in the Philippine Islands to that extent?

Mr. CLAY. I certainly would not be in favor of admitting free sugar from the Philippine Islands into the United States at all if you are going to allow the present tariff duty to stand on refined sugar. I am not in favor of free sugar.

Mr. SMITH of Michigan. I am very glad to hear that.

Mr. CLAY. If sugar is made a revenue producer, and we are compelled to have revenue, I would not insist that free sugar ought to be brought into this country. I want the Senator to understand me. I insist that inasmuch as we now have free sugar coming to this country from the Hawaiian Islands and free sugar from Porto Rico and concession sugar from Cuba, with the probability of free sugar coming here from the Philippine Islands, by all means the duty on refined sugar should be greatly reduced, because the refiner gets his sugar much cheaper than he did before.

Mr. SMITH of Michigan. The reason why I asked the Senator from Georgia the question was because of the general sugar situation in the world—

Mr. CLAY. Mr. President, I can not yield for a speech. I am glad to yield for a question.

Mr. SMITH of Michigan. I have no intention of making one.

Mr. CLAY. I will yield for a question.

Mr. SMITH of Michigan. If the Senator does not care to be interrogated, I will cease.

Mr. CLAY. No; go on.

Mr. SMITH of Michigan. If there is to be a thousand million tons of sugar produced in the Philippine Islands—

Mr. CLAY. I did not mean a thousand million tons—

Mr. SMITH of Michigan. That is what the Senator said.

Mr. CLAY. It was a slip of the tongue.

Mr. LODGE. The Senator meant to say 300,000 tons.

Mr. CLAY. Yes.

Mr. SMITH of Michigan. I beg the Senator's pardon. I understood that he did say it.

Mr. CLAY. If I did, I did not mean it. In speaking rapidly one can easily fail to make a distinction between a hundred thousand million and a hundred thousand.

Mr. SMITH of Michigan. The Senator from Georgia did not make that statement, because—

Mr. CLAY. I would not stand for a statement of that kind.

Mr. SMITH of Michigan. Let me say to the Senator that a well-recognized sugar statist tells us that the capacity of Cuba alone for sugar production is 5,000,000 tons, nearly twice the ability of this country to consume; and with that area, which is many times multiplied in the Far East—I do not think the Philippine Islands could produce as much sugar as the Senator stated, or half that amount, or as much as Cuba could produce—I would take it as a most serious handicap to the people of the Philippine Islands to encourage them to produce a product which they could not sell for a profit in any country of the world.

Mr. CLAY. I did not rise for the purpose of discussing that feature of this case. I intended to present in a logical way, and I believe I could have done so if I had not been interrupted so often, the reason why, in my judgment, the tariff on refined sugar ought to be reduced.

Senator BAILEY said the American Sugar Refining Company would be the recipient of that reduction, and his words have absolutely come true to-day. We have taken \$41,112,000 out of the Treasury since that treaty was ratified and we have neither given it to the American people nor to the people of Cuba.

The benefits of that reduction have gone into the pockets of the American Sugar Refining Company. The Senator from Texas [Mr. BAILEY] predicted that this reduction would go to the sugar trust.

Mr. SMITH of Michigan. Mr. President—

Mr. CLAY. I hope the Senator will let me get through.

The VICE-PRESIDENT. The Senator from Georgia declines to yield.

Mr. CLAY. I will yield directly.

Mr. SMITH of Michigan. I wish to make the observation that the Senator from Texas is not the only man who made that statement.

Mr. CLAY. Then I am glad to know that there are two Senators, one on one side and one on the other, who were right.

Mr. SMITH of Michigan. It is not difficult to get the Senator from Texas and myself to agree upon any sound policy.

Mr. CLAY. Then I should think the Senator from Michigan on all propositions would agree with the Senator from Texas.

Mr. SMITH of Michigan. Almost all, except those extreme views of Democracy.

Mr. CLAPP. The only thing that staggered those of us who fought against that treaty was that a man of the discernment of the Senator from Georgia failed to see it as we did at the time.

Mr. CLAY. I am one of those Senators when I make a mistake am always ready to confess it and to correct it. I never thought it was any crime for a man to acknowledge that he was wrong.

Mr. CLAPP. Certainly not.

Mr. FOSTER. I wish to ask the Senator only one question.

Mr. CLAY. Certainly. I yield for that purpose.

Mr. FOSTER. Was that the price of sugar in Cuba or was it the price of sugar in New York?

Mr. CLAY. It was the price of sugar in Cuba.

Mr. FOSTER. I ask the Senator what was the price of that same sugar in New York?

Mr. CLAY. Those figures I have not now before me.

Mr. FOSTER. That is the standard to judge by.

Mr. NELSON. Mr. President—

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Minnesota?

Mr. CLAY. Certainly.

Mr. NELSON. Does not the Senator from Georgia think that the discount of 20 per cent on Cuban sugar is enough of a differential to the sugar trust without giving them anything extra?

Mr. CLAY. I should think so.

Mr. BORAH. Mr. President—

The VICE-PRESIDENT. Will the Senator from Georgia yield to the Senator from Idaho?

Mr. CLAY. Certainly.

Mr. BORAH. I simply want to ask the Senator, by way of information, if he has any accurate information as to the extent to which the sugar trust controls the beet-sugar industry?

Mr. CLAY. My information leads me to believe at least 51 per cent of the stock of the beet factories.

Let us go further into the history of the sugar trust. Let us see what refineries it controls; what power it possesses to control the production and price of raw and refined sugar; what profits it has made out of the American people. Then let us see whether or not this infant industry deserves any special favors at the hands of Congress. Of late years it has been difficult to ascertain its earnings. The trust has successfully concealed from the people its operations. Every day in the year since it was organized the sugar trust has violated the criminal laws passed by Congress to protect the American people against these unlawful and wicked combinations. The trust has filched the Treasury of the United States out of more than ten millions of revenue that justly belonged to the Treasury of the United States, needed to pay the legitimate expenses of the Government. Mr. Moody, in his work, *The Truth about Trusts*, gives a brief history of the sugar trust. Mr. Moody says:

The trust was incorporated under New Jersey laws January 10, 1891, as successor to the Sugar Refineries Company, otherwise known as the sugar trust, which was itself formed in 1887 to consolidate the sugar-

refining business of the United States. The property acquired in 1891 consisted of over 20 refineries located in New York, Boston, New Orleans, St. Louis, San Francisco, and Portland, Oreg.

Since its formation in 1891 the company has acquired control of other corporations from time to time and formed many new ones, and it now has large interests in the sugar-beet business, and also in Cuban sugar plants.

Among the sugar-beet plants which it controls or dominates are the following:

American Beet Sugar Company, Colorado and California; Alameda Sugar Company, Alameda, Cal.; Valley Sugar Company, Saginaw, Mich.; Saginaw Sugar Company, Saginaw, Mich.; Alma Sugar Company, Alma, Mich.; Bay City-Michigan Sugar Company, Bay City, Mich.; Tawas Sugar Company, East Tawas, Mich.; Peninsular Sugar Refining Company, Caro, Mich.; Sebewaing Sugar Refining Company, Sebewaing, Mich.; Sanilac Sugar Refining Company, Sanilac, Mich.; Menominee River Sugar Company, Menominee, Mich.

The National Sugar Refining Company of New Jersey, which was formed in 1900 to consolidate the Mollenhauer Sugar Refining Company, of Brooklyn; the National Sugar Refining Company, of Yonkers; and the New York Sugar Refining Company, of Long Island City, began as rivals of the sugar trust, but are now operated in entire harmony with that company. This is also the case with several so-called "independent" properties which were ostensibly formed to fight the trust.

Capital stock authorized and issued, \$45,000,000 7 per cent cumulative preferred and \$45,000,000 common stock; par, \$100. The preferred stock has no preference as to assets. Dividends on the preferred have been regularly paid at the rate of 7 per cent per annum since the formation of the company. Common-stock dividends were paid at the rate of 12 per cent per annum from 1894 to January, 1900. In 1900, 7½ per cent; 1901 to date, 7 per cent per annum.

The sugar trust, from its inception, adopted the policy of making no public statements to its stockholders regarding earnings or financial conditions. The only statement which becomes public regarding this corporation is that which it is obliged to file with the State of Massachusetts annually. This statement is simply an annual balance sheet showing the assets and liabilities of the corporation in a greatly condensed form, issued on December 31 of each year.

Officers: Henry O. Havemeyer, president; Arthur Donner, treasurer; C. R. Heike, secretary; directors: H. O. Havemeyer, W. B. Thomas, John E. Parsons, Lowell M. Palmer, J. Mayer, C. H. Semf, and Arthur Donner.

New York office, 71 Wall Street.

II. HISTORY.

The American Sugar Refining Company was incorporated at Trenton on January 10, 1891, to take over the entire assets and business of the various companies represented by the certificate of the Sugar Refineries Company, which was itself reorganized in June, 1890. The sugar trust was originally formed in 1887, but in 1889 the trust, after two years of practically no competition and very large profits, began to feel the vigorous competition of the plants built by Claus Spreckels at Philadelphia, Pa., and also Arbuckle Brothers, Claud Doscher, of New York, and others. This keen competition continued for several years and was not ended until the absorption of all competitors a few years later.

In January, 1892, the stock was increased to the full amount authorized, the proceeds to be used for buying up other refineries and for buildings. Accordingly, in March of that year a controlling interest was purchased in the E. C. Knight Company, of Philadelphia, \$800,000; the Franklin Sugar Company of Pennsylvania, \$5,000,000; the Spreckels Sugar Refining Company of Pennsylvania, \$5,000,000; and the Delaware Sugar House, \$96,000. Legal proceedings to prevent the completion of these sales were instituted, but were ultimately set aside. These purchases practically eliminated the Philadelphia competition.

Dividends were begun on the common stock in July, 1891, when 4 per cent was paid. In 1892 the company paid 10½ per cent; 1893, 11½ per cent; 1894, 12 per cent; and from 1894 to January, 1900, the rate paid was 12 per cent per annum. In 1900 the rate was reduced to 7½ per cent, and since that year 7 per cent only has been paid.

During the period from 1894 to 1900 the competition with the trust was not severe, and its earnings were said to be very large. Its most important competitors were Arbuckle Brothers and one or two less important concerns. At this time the beet-sugar industry had not developed to any extent.

On June 2, 1900, the National Sugar Refining Company of New Jersey was formed as a consolidation of the Mollenhauer Sugar Refining Company, of Brooklyn; National Sugar Refining Company, of Yonkers; and New York Sugar Refining Company, of Long Island City. The capacity of this company was stated to be about 3,500,000 pounds of refined sugar per day. This company was formed as a rival to the large trust, and its capital consisted of \$20,000,000, one-half common and one-half preferred. It has, however, operated in complete harmony with the larger corporations.

In March, 1899, the American Beet Sugar Company was formed under New Jersey laws to consolidate beet-sugar plants at Oxnard and Chino, Cal., and Norfolk and Grand Island, Nebr. These four factories were said to have a capacity of 3,450,000 tons daily. Shortly after its formation the company erected a fifth factory at Rocky Ford, Colo., with a capacity of 1,000 tons daily. The capital of the American Beet Sugar Company consists of \$5,000,000 6 per cent preferred and \$15,000,000 common stock. Dividends have been regularly paid on the preferred from the beginning.

This company operated for several years as a rival to the American Sugar Refining Company, or "sugar trust," but early in the year 1903 harmonious relations were brought about between the competing interests, and it is now authoritatively stated that the sugar trust owns or controls a majority of the Beet Sugar Company's stock.

Since 1901 several large sugar plants have been established in Cuba, one of which is known as the "Chaparra Sugar Company." The latter is controlled by the same interests that dominate the National Sugar Refining Company of New Jersey, and is therefore in harmony with the trust. While the trust itself does not announce its investment holdings in other companies to its stockholders in detail, yet these holdings are without doubt much more extensive than those named above. In its balance sheet to the State of Massachusetts, on December 31, 1902, its investments in other companies were given a valuation of \$45,270,776, which was an increase of more than \$6,000,000 over the same item one year previous.

This last increase was chiefly represented by the purchase of a number of Michigan beet-sugar factories during 1902. The American Beet Sugar purchase does not figure in the 1902 report.

It will be noted that while the sugar trust proper produced but 57 per cent, yet in view of the fact that a number of the so-called "independent" refineries are really allied with the sugar trust (as are also the leading beet-sugar producers), the trust really dominates the market as completely as it would if it directly produced 90 per cent. Full details are given in text.

During the year 1903 further acquisitions were undoubtedly made in the line of controlling the beet-sugar industry.

NOTE.—So many analyses and reviews of the famous sugar combination have appeared during the past ten years and the subject has been worn so threadbare that the writer will not give space here to any particular review of the subject. A feature which, however, stands out very conspicuously is the trust's practical domination of the entire American market. Although supplying technically only about 53 per cent of the consumption, yet the ramifications and influences of the combination among its ostensible rivals are so complete that its control over the situation, as far as America is concerned, is all inclusive. It is a splendid example of one sort of monopoly—the kind of monopoly which has been succinctly described as a combination of "special privilege, efficient labor, and brain power."

In response to a resolution adopted by the Senate the Secretary of the Treasury gives valuable information in regard to this trust. I insert from that report on pages 5 and 6, Exhibit G, giving the cases now pending against the sugar trust for violation of the criminal laws:

EXHIBIT G.

UNITED STATES CUSTOMS SERVICE,
Port of New York, April 8, 1909.

SIR: I am in receipt of letter of Assistant Secretary Reynolds (64453 C. A. H.) dated the 6th instant, inclosing copy of Senate resolution dated the 1st instant, relative to sugar matters, and inviting attention to paragraph 5, which reads as follows:

"He is also directed to inform the Senate what suits are pending in the United States courts by the Government against the sugar trust or any branch thereof and the nature of such suits."

In accordance with department's request I have conferred with the United States attorneys for the southern and eastern districts of New York, respectively, and inclose herewith letters from them dated the 7th and 8th instants, respectively, such letters covering all civil proceedings now pending in their jurisdiction as well as criminal cases arising out of the so-called "sugar frauds."

I have to state that since March 27, 1909, the American Sugar Refining Company has paid into this office the sum of \$1,239,088.38, being the duties found due upon reliquidation of various entries of said company on the ground of fraud. In addition there was paid into this office the sum of \$17,458.20 on October 9, 1908, pursuant to a reliquidation, there having been a discrepancy between the weight returned by the United States weigher and the actual weight as appeared from his dock book as applied to an importation ex steamship *Ellerie*, December 1, 1899, warehouse bond No. 8212, entry No. 194738, the counsel for the American Sugar Refining Company having stipulated for a reliquidation after the error had been discovered by this office more than a year subsequent to date of importation.

Respectfully,

WM. LOEB, Jr., Collector.

The SECRETARY OF THE TREASURY,
Washington, D. C.

DEPARTMENT OF JUSTICE,
OFFICE OF UNITED STATES ATTORNEY,
EASTERN DISTRICT OF NEW YORK,
Brooklyn, N. Y., April 8, 1909.

SIR: I beg to acknowledge receipt of your letter of the 8th instant, No. 85876, requesting me to furnish you with a report of all cases which are now pending in my jurisdiction, and the status thereof, relative to the importation of sugar, etc. In reply I submit to you herewith the following list of criminal cases pending in this district growing out of the alleged frauds in weighing sugar at the docks of the American Sugar Refining Company in Brooklyn:

| Calendar No. | United States versus— | No. | Violation. |
|--------------|-----------------------------|-----|--------------------------------|
| 727 | Thomas Kehoe | 1 | Sec. 9, chap. 407, laws 1890. |
| 729 | Oliver Spitzer | 2 | Sec. 26, chap. 407, laws 1890. |
| | Patrick J. Hennessey | | |
| | James F. Halligan, Jr. | | |
| 745 | John R. Coyle | | 5440, Revised Statutes. |
| | Jean M. Voelker | | |
| | Thomas Kehoe | | |
| | Oliver Spitzer | | |
| 751 | Oliver Spitzer | 4 | 5451, Revised Statutes. |
| 760 | John R. Coyle | | Sec. 9, chap. 407, laws 1890. |
| 761 | James F. Halligan, Jr. | | Sec. 7, chap. 407, laws 1890. |
| 762 | Patrick J. Hennessey | | Sec. 9, chap. 407, laws 1890.* |
| 763 | Jean M. Voelker | | Do. |
| | Patrick J. Hennessey | | |
| | James F. Halligan, Jr. | | |
| | John R. Coyle | | |
| 775 | Jean M. Voelker | | 5540, Revised Statutes. |
| | Thomas Kehoe | | |
| | Oliver Spitzer | | |
| | Ernest W. Gerbracht | | |
| | Andrew Portavecchia | | |

In all the above cases pleas of not guilty have been entered. The cases have been on the calendar a number of times and have been from time to time adjourned. They will be called again on Thursday, April 15, 1909.

WM. J. YOUNGS,
United States Attorney.

The COLLECTOR OF CUSTOMS,
New York City.

DEPARTMENT OF JUSTICE,
OFFICE UNITED STATES ATTORNEY,
SOUTHERN DISTRICT NEW YORK,
New York, April 7, 1909.

(United States v. American Sugar Refining Co. of N. Y.)

SIR: In accordance with your request, I beg to state that there are pending in this office the following cases and claims against the sugar trust and its New York branch:

1. An action in the circuit court to recover a million and a quarter dollars for duties out of which the Government alleges that it was defrauded by the company's using a fraudulent device upon the scales. This case covers entries which since its institution have been reliquidated by the collector of customs at this port at an aggregate amount of \$1,239,088, and it is expected that the duties will be collected under this reliquidation instead of under the pending suit. The collector found the fact of the fraud as a basis for these reliquidations, and the company is making payments in protest. I am informed by the company's counsel that the company now concedes the fact of the fraud and the main principles on which the reliquidation by the collector was based.

2. An action against the American Sugar Refining Company of New York in the district court for the southern district of New York for about \$134,000 penalties for some of the above-mentioned frauds. This case was tried in February and resulted in a judgment for the Government for the full amount. The time of the defendant to sue out a writ of error has not yet expired, but it is understood that the company expected to pay the judgment.

3. Additional fines may be levied against this corporation and possibly also against the New Jersey corporation for their fraudulent entries not covered by the above suit.

4. I have now under way negotiations with the sugar trust (the New Jersey corporation) looking to the restitution to the Government of about \$1,000,000 further duties out of which the Government claims to have been defrauded by the New Jersey corporation during a period which began at the time the Dingley tariff act went into effect and ended when the frauds were discovered. If the pending negotiations should fail, suits will be instituted to recover these duties.

Very respectfully,

HENRY L. STIMSON,
Special Assistant to the Attorney-General.

The COLLECTOR OF CUSTOMS,
New York, N. Y.

Recently the public press has announced that the sugar trust has paid into the Treasury more than \$2,000,000, of which large sum its officers and agents had robbed the Treasury of the United States. Suit is now pending in New Jersey against this trust to recover a million of dollars for revenues due the Government, and it is admitted by the officers of this company, including its counsel, that this unprincipled organization has robbed the American people of this vast sum and which they are now trying to compromise. Officials representing the Government who have made an investigation into these fraudulent transactions, believe that the American Sugar Refining Company has robbed the Treasury of more than \$9,000,000 justly due the Treasury. It deserves no mercy at the hands of Congress and most assuredly no favors at the hands of Congress. The criminal and civil laws ought to be rigorously enforced against it, and the best way to destroy it is to give it healthy foreign competition.

I do not believe the beet farmers have received any substantial benefits in the sale of their beets to the factories by reason of existing law. From the best information I have been able to secure the beet-sugar factories, many of them under the control of the sugar trust, have been largely benefited by reason of existing rates on sugar. I hold in my hands Senate Document No. 22, from the Secretary of Agriculture, which ought to be reliable on this subject. He tells us that the average price of beets sold to the refiners has been between \$4.75 and \$5 per ton. Beets containing 12 per cent of sugar bring \$4.50 per ton. Beets with 14 per cent of sugar bring \$5 per ton. A ton of beets weighing 2,000 pounds would produce 280 pounds of sugar. This sugar would bring in the market, selling at the price of 44 cents per pound, \$12.60. The cost of the beets deducted from the sales of the sugar would leave \$7.60. Now, when you get the cost of refining and deduct that sum from \$7.60, you have the profits made by the beet-sugar refineries on a ton of beets.

The average price of beets per ton, as will appear from the table furnished by the Agricultural Department, for the last eleven years is as follows:

| | Per ton. |
|------|----------|
| 1897 | \$4.10 |
| 1898 | 4.38 |
| 1899 | 4.60 |
| 1900 | 4.73 |
| 1901 | 4.60 |
| 1902 | 4.84 |
| 1903 | 4.86 |
| 1904 | 4.95 |
| 1905 | 5.10 |
| 1906 | 5.10 |
| 1907 | 5.20 |
| 1908 | 5.35 |

In corroboration of what I have said as to the profits made by the beet-sugar refineries, I quote an article from the Washington Times of date April 4, as follows:

Nobody knows from what they have told us just what the expense of making beet sugar in this country is.

In 1901 Consul Wyndham, of Great Britain, made a report to the British Government on the beet-sugar industry of the United States, which was published in the Blue Books and is in the Library of Congress. He had no object in view except that of getting the truth. He estimated the cost of beet sugar produced in a mill with a capacity of 1,000 tons per day in Colorado, Nebraska, or Illinois at 2½ cents a pound. At that time the mills were paying about \$4 a ton for beets and were getting about 4.1 cents a pound from the jobbers for their product. The labor cost of their yearly output of 24,000,000 pounds of sugar was estimated at \$54,000, or only a quarter of a cent per pound. At the prices ruling under the tariff the American consumers were making these infant industries a profit of \$534,000 per year on an investment of \$537,000, or almost 100 per cent. Their product realized them a profit of 2.2 cents a pound.

If the foreign producer gets his labor for nothing, the difference in labor cost is in his favor, and the tariff necessity of the American sugar manufacturers can not be more than a third of a cent per pound.

The article still further says:

Mr. Wyndham's figures are as good to-day as when he made them.

Mr. J. R. Kelsey, of Addison, Mich., who recently appeared before the Ways and Means Committee of the House, said:

I was one of the first to raise beets in this neighborhood, and each year I have been trying to make up for what I lost the year before. This year I raised in round numbers 13½ acres, on which I made a profit of nothing minus \$2. The crop brought me \$504 and it cost me \$506, and still I am only about 30 miles from the Blissfield (Mich.) factory, where they are marketed.

I have read from an article in a farm paper a letter written by Mr. J. R. Downey. The writer says:

I am glad to see you turning your guns on the beet-sugar graft. I indorse all Mr. Fessenden says in regard to their agents, and will add that, in my opinion, with very little trouble they could organize an Ananias Club of their own. I raised six crops for them, and I send you one of my contracts and statements from the company. You can figure out how much of the farmers' share I got for six years' work. I learned that each year they found a new way of getting a little more of it, but they had not got to docking a man for what he could not raise.

Mr. Downey submits his statement, showing his crop netted him a profit of \$53.22.

The sugar-beet factories have made money. They are making money. Many of them are under the control of the sugar trust. They do not deal with the beet farmers justly in buying their beets. The sugar-beet factories have joined with the sugar trust in fixing the price of beets, and in fixing the price of sugar produced from beets as well as sugar produced from cane.

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF CHEMISTRY,
Washington, D. C., May 8, 1909.

Hon. ALEXANDER S. CLAY,
Senate of the United States.

DEAR SIR: In harmony with your telephonic message I had my expert, Mr. Bryan, give me an estimate from his own experience of many years in a beet-sugar factory of the cost of making a ton of beets into sugar. He also cites you to some material of the same kind in the tariff hearing which you, doubtless, have already seen.

I hope this information is what you desire.

Respectfully,

H. W. WILEY, Chief.

Inclosure: Memorandum to Dr. Wiley, dated May 8, 1909, from A. Hugh Bryan.

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF CHEMISTRY,
Washington, D. C., May 8, 1909.

Memorandum to Doctor Wiley:

As regards the cost of manufacture of one ton of beets into sugar, I may say that—

One hundred pounds of sugar costs \$3 to \$3.50, average \$3.25, to manufacture. The beets from which this was manufactured cost \$5 a ton, plus about 50 cents freight, and contained 16 per cent sugar. The amount of sugar in one ton was then 320 pounds and the amount of the sugar recovered as white sugar was 88 per cent of 320 pounds, or 282 pounds. Then the cost of the beets was \$5.50 ÷ 2.82 pounds, or \$1.95, which would make the cost of manufacture \$1.30 a hundred pounds, or in this case $1.30 \times 2.82 = \$3.66$ a ton.

In the "Tariff hearing before the Committee on Ways and Means of the House of Representatives, Sixtieth Congress, first print No. 5, Monday, November 16, 1908," page 328, Mr. Carmen N. Smith, representing the Owasso Sugar Company, of Michigan, stated that "the cost of labor in the factory is 47 cents a hundred, supplies 63 cents a hundred, which would make \$1.10 a hundred pounds as the cost of manufacture, exclusive of cost of beets. Taking 15 per cent as the sugar content of beets and 85 per cent of that extracted as white sugar, then a ton of beets gave 255 pounds of white sugar and the cost of manufacture of a ton of beets was then \$2.80.

On page 336 Mr. F. T. Shoals, of Cleveland, Ohio, secretary and treasurer of Continental Sugar Company, gave in his testimony the pounds of sugar produced and tons of beets used, which, figured out, would equal 213 pounds of sugar to a ton of beets. In the cost of manufacture he gives the total wages of operating the plant and also the total amount paid for coal, coke, lime rock, etc. Summing up this and dividing by the pounds of sugar produced, we have \$1.41 as the cost of manufacture of 100 pounds of sugar. This multiplied by 213 pounds gives \$3 as cost of manufacture for one ton of beets. If insurance and freight is added, the cost goes up to $2.13 \times 1.78 = \$3.79$ for one ton of beets.

A. HUGH BRYAN.

But, Mr. President, I desire to be accurate in my figures. Now, who reaps the benefit of this high prohibitive duty on refined sugar? What part of it goes to the growers of beets in the United States, and what part of it goes to the sugar-beet re-

fineries? I have sent to the Agricultural Department to find out the average prices paid the farmers for sugar beets during the last eleven years, the cost per ton for beets each year, the cost per ton for converting beets into refined sugar, the net profits per ton to the sugar refineries after the beets are converted into refined sugar, and this calculation demonstrates that only a small profit goes to the beet farmer, while the sugar refineries make large and unreasonable profits. The Agricultural Department surely can be trusted to make this calculation, which is attached hereto, and which I would ask be made a part of the RECORD. I take it for granted that these figures are absolutely correct. Surely no Senator will question their accuracy.

Mr. SMOOT. Mr. President—

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Utah?

Mr. CLAY. I will yield.

Mr. SMOOT. The Senator must know that the farmer gets over 2 cents a pound on the sugar contained in the beet. That is the price the sugar factories in all the Western States pay for the beet. Is not that true?

Mr. CLAY. I presume the Senator from Utah got his information from the same place.

Mr. SMOOT. No, Mr. President; I got this information from absolute experience, and I know whereof I speak. I know what they pay for beets in the Western States, and I know how much saccharine they carry. I know, and so does the Senator know, that so far as the price of beets to the farmer is concerned the price paid is over 2 cents on the sugar content.

Mr. CLAY. If my friend will just keep quiet, I will show him how much the beet buyers have paid for beets in the last eleven years.

Mr. SMOOT. I know—

Mr. CLAY. I have that information from the Agricultural Department. I sent to the Agricultural Department and had that department give me the price of beets per ton each year since 1897. I had the department also give me the number of pounds of sugar which a ton of beets make, how much it cost to convert the beets into sugar, also how much the sugar sold for, and what profit the refiner made. Say what you please about the Agricultural Department, I have always found that the man who occupies the head of that department is an honorable and a reliable man.

Mr. SMOOT. I fully indorse that remark, and I am perfectly willing to stand by what the Agricultural Department says as to the amount of sugar in a ton of beets and as to the cost per ton.

Mr. CLAY. I am glad I am able to find something that the Senator from Utah will stand by.

Mr. President, I deny that either the beet grower or the cane grower has made—

Mr. SMITH of Michigan. Mr. President—

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Michigan?

Mr. CLAY. Certainly. I was on another subject. I will leave that.

Mr. SMITH of Michigan. I was in hopes the Senator would let that stand.

Mr. CLAY. I will let it stand later on.

I have a letter from the Agricultural Department, and I want the Senator from Utah to see that I am correct. I will yield to him if I am incorrect. In 1897 the price of beets per ton was \$4.10; in 1898, \$4.38 per ton; in 1899, \$4.60 per ton.

Mr. SMOOT. Mr. President—

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Utah?

Mr. CLAY. I will yield.

Mr. SMOOT. I wish to say right now, that the beet-sugar farmers in the State of Utah, in the State of Idaho, and in the State of Colorado receive more than \$4.10 a ton for their beets, and always have done so. I say that to-day they are receiving \$4.75 a ton, not at the factory, but loaded on the cars near the place where the beets are raised.

Mr. CLAY. I have given the report of the Agricultural Department in reply to a resolution introduced by my friend the Senator from Montana [Mr. CARTER]. The Senator has just stated that he will stand by what the Agricultural Department said.

Mr. SMOOT. On the question as to the amount of sugar, I said the sugar costs 2 cents a pound based on the price paid for beets grown in my State, and I say so yet.

Mr. CLAY. The Senator then says he will stand by a part of the report of the Secretary of Agriculture and a part of it he will not.

Mr. SMOOT. The Senator asked me to interrupt him if the figures were not right, and I say now that the farmers in the States of Utah and Idaho get \$4.75 a ton for the beets.

Mr. CLAY. How much did you pay in 1900?

Mr. SMOOT. I do not think there has been any change for many years.

Mr. CLAY. The Agricultural Department furnished me this in reply to a letter I addressed to the Agricultural Department, which I will put into the RECORD.

Mr. NELSON. Mr. President—

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Minnesota?

Mr. CLAY. Certainly.

Mr. NELSON. I presume the figures the Senator from Georgia gives are the average for the whole country.

Mr. CLAY. That is right.

Mr. NELSON. Not for any particular State.

Mr. CLAY. I said what the Agricultural Department gives as the average price of beets per ton, as will appear from the table furnished by the Agricultural Department, for the last eleven years.

Mr. NELSON. Will the Senator now give the amount of sugar which is produced from a ton of beets?

Mr. CLAY. I am going to do that. I asked the Department of Agriculture to give to me accurately, to make it absolutely correct, the number of pounds of white sugar that a ton of beets made, and they sent back the figures. They said that a ton of beets would average 282 pounds of white sugar; that a ton of beets cost the refiner, on an average, \$5; that converting those beets into sugar cost \$3.60, making a total of \$8.60; and the refined sugar from a ton of beets sold in the market for \$4.32 more than it cost the refiners.

Mr. SMITH of Michigan. Mr. President—

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Michigan?

Mr. CLAY. I do.

Mr. SMITH of Michigan. The Senator from Georgia, I know, means to be perfectly accurate and correct.

Mr. CLAY. I do.

Mr. SMITH of Michigan. But quoting from Senate Document No. 22, being a letter from the Secretary of Agriculture, I find that for the year 1905, which seems to be the year on which he predicated his statement from a number of reports secured from all sections of the country, it appears that about \$5 per ton, on an average, was paid to the farmer for the beets, the price, however, often depending upon the saccharine content, which in the Mississippi Valley runs the price up to \$5.50 per ton.

Mr. CLAY. Mr. President, the American Sugar Refining Company has violated the criminal laws of this country since it was organized, and the American Sugar Refining Company absolutely dominates our sugar markets to-day in this country. The American Sugar Refining Company fixes the price of raw sugar in this country. The cane farmer and the beet farmer can not get his sugar refined anywhere else. There are not enough independent refiners to do it.

Mr. SMITH of Michigan. The beet-sugar factories refine their own sugar. I understand the Senator to say, and it is true, that since the establishment of these beet-sugar factories the quantity of refined sugar which is produced in the world is much greater than before the beet industry was established, and the price has accordingly fallen.

Mr. CLAY. At the time the Dingley bill was passed my recollection is that we produced less than 200,000 tons of beet sugar, while now we produce about four hundred and forty or four hundred and forty-seven thousand tons—I am not certain which. The production of beets has about doubled in the last ten years. I have no misstatements to make to this Senate.

Mr. CARTER. Mr. President—

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Montana?

Mr. CLAY. Certainly.

Mr. CARTER. The statement of the Senator from Georgia with reference to the average yield to the farmer in the way of profit on sugar beets challenges my attention, because it is somewhat in conflict with information received direct from those engaged in producing sugar beets.

If the Senator will permit me to explain, I think the low average proceeds from the attempt to raise sugar beets in sections of the country little adapted to the culture of sugar beets. Originally the attempt was made in certain portions of the Mississippi Valley with little success. At Billings, in the State of Montana, a beet-sugar factory, which is producing about 1,200 tons per day, has wrought wonders in the agricultural

community tributary to that factory. My information from the farmers engaged directly in the production of beets is that they raise from 15 to 20 tons per acre, and that the cost of cultivation is about \$20 per acre. Indeed, they are able to contract for the culture of the beets at \$20 per acre. They receive \$5 a ton and upward for the beets at the station where loaded on the cars, or at the factory if hauled there in wagons. A brief calculation will show, I think, that the average receipt per acre is over \$75 and even reaches as high as \$100 per acre. Assuming \$80 to be the average receipt by the farmer for the beets raised on each acre, and \$20 per acre as the amount of expense, it follows that there exists a profit of about \$60 per acre per year.

In the production of the sugar beets in the Yellowstone Valley of Montana it is said, and I have no doubt truly, that the climate and soil of that region happen to be better suited to the culture of these beets than any other; but this would yield, I submit to the Senator from Georgia, in the regions especially adapted to the growth of the beet, \$3 or \$4 per ton instead of less than \$2 per ton, as the Senator has suggested as the average shown by the figures of the Agricultural Department.

I submit to the Senator for his consideration the fact that the low average to which he refers is the result of ill-advised experiments in sections of the country not adapted to beet culture at all.

Mr. CLAY. Mr. President, I wrote to the Agricultural Department and asked the department to give me the average price paid for beets all over the country. There are not very many States producing beets. I also asked the Agricultural Department to give me the average amount of sugar made from a ton of beets, the cost of refining, and the average price received for the sugar after it was refined. The statement which I shall insert in the RECORD is in reply to my letter.

Mr. SMITH of Michigan. Mr. President, will the Senator object to an interruption?

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Michigan?

Mr. CLAY. I do.

Mr. SMITH of Michigan. I notice by this report, which is exceedingly interesting, that within the last twelve years there has been paid out for beets at the factories to the American farmer \$121,063,619.

Mr. CLAY. I have all of that in my statement here, and also how much is paid by the refiners and how much was paid for the beets to the farmers. I have that in full, and I expect to insert the document.

Mr. SMITH of Michigan. The Senator from Georgia, of course, recognizes the desirability of diversifying the products of the American farmer in that manner, does he not?

Mr. CLAY. Yes.

Mr. SMITH of Michigan. And that anything which will help such diversification will add to the volume of sugar produced in the world and tend, of course, to make the price a little lower to the consumer?

Mr. CLAY. There have been very slight changes in the price of refined sugar in the past twelve years.

Mr. SMITH of Michigan. The Senator does not question the wisdom of our course with reference to the production of domestic sugar?

Mr. CLAY. I do not believe any substantial benefit has gone to the beet grower. The testimony taken before the Ways and Means Committee states that in the State of Colorado, in the State of Utah, and in the States of California and Idaho beets can be produced cheaper than anywhere else in the world. The Senator does not get my point. My point is simply this: I want to show, on account of the changed conditions in this country in regard to the admission of free sugar, that we ought to reduce the tariff on refined sugar; and I think the Senator from Michigan agrees with me.

Mr. SMITH of Michigan. If I do not annoy the Senator I should like—

Mr. CLAY. I have been speaking for an hour and a half. I hope the Senator will let me get through.

Mr. BACON. Will the Senator permit me to ask him a question?

Mr. CLAY. Certainly.

Mr. BACON. I should like to know whether he has stated the amount of revenue the Government gets from the importation of refined sugar?

Mr. CLAY. Last year only 219 tons of refined sugar came from foreign countries to our country.

The Agricultural Department tells us that the farmer sells his beets for about \$5 per ton to the sugar refineries. These beets contain 16 per cent sugar. The amount of sugar in one

ton of beets is 320 pounds and the amount of sugar recovered as white sugar would be 88 per cent of 320 pounds, or 282 pounds. The cost of refining is \$1.30 per hundred pounds. Let us see what profits the refineries make out of a ton of beets. The refiner pays the farmer \$5 for a ton of beets; the cost of converting the beets into refined sugar at \$1.30 per hundred would be \$3.66; adding this to the cost of the beets we have \$8.66, the total cost of the 282 pounds of refined sugar realized by the refiner from the ton of beets. Now, how much does the refiner receive for the 282 pounds of refined sugar obtained from the ton of beets? The wholesale price of refined sugar in New York is \$4.96 per hundred pounds. This would give to the refiner \$12.98 for his refined sugar realized from his ton of beets, a profit of \$4.32. Thus the refiner makes a profit on each ton of beets almost equal to the price the farmer receives for his beets. After the farmer pays for his labor in cultivating the beets, he realizes in profits less than \$1 per ton and in many instances he loses money, while the sugar trust makes a clean profit of \$4.32 on each ton of beets purchased and converted into sugar. We produce annually in this country about 440,000 tons of beets. The sugar trust makes a profit of \$4.32 per ton in manufacturing these beets into sugar, while the farmer who cultivates the beets makes a profit of not exceeding \$1 per ton—that is an average profit.

Now, who gets the benefit accruing by reason of this high duty on sugar. The American consumers do not get it, neither does the grower of beets. Then, who does get it? The question is easily answered. The sugar trust, beyond dispute.

Will we continue to legislate in the interest of criminals and against the interest of the American people? If this sugar schedule shall be enacted into law in the interest of these confessed criminals, who have openly combined and confederated to destroy all competition and who have wrenched wrongfully from the American people more than fifty millions per year in profits and who have robbed the Government of at least ten millions of revenue justly due the Government, then what hope has the American people?

The operations of the sugar trust with the Government and the indictments now pending against the employees of the trust demonstrate beyond question that those in control of this combine are criminals and have been criminals since its organization. The defense that the officials have not been connected with this underweighing and smuggling against the Government is not worthy of the consideration of any intelligent man. These employees drawing small salaries, working for wages, were directed by those high in authority. The officers of the sugar trust were not even willing to make a reasonable divide with the employees who committed these crimes, giving them each \$5 per week extra for stealing, while such thefts brought to them and their associates on an average of more than two hundred thousand per month.

How long will the American people tolerate this conduct? How long will we continue to legislate for the benefit of this class of criminals and against the interests of the American people?

If the sugar trust can find a defender on the floor of the Senate, then we have reached a condition of affairs most deplorable. If we are to continue to legislate millions of profits into the pockets of this class of men at the expense of the American people, then let us adopt the sugar schedule provided by the Finance Committee of the Senate.

If we are to continue to rob the American people of more than fifty millions per year that justly belongs to them for the benefit of the sugar trust, then let the American people know it and let us see if they will approve it. I insert some figures and facts sent me by the Agricultural Department in regard to the cost of refining beet sugar. I also insert a letter written from McKeesport, Pa., April 27, 1909, to a Member of Congress, that correctly describes the situation relative to the trust, leaving out the name of the Member of Congress to whom it was addressed. This letter was addressed to a Representative from Kansas.

McKEESPORT, PA., April 27, 1909.

SIR: I have been delayed in answering your favor of recent date owing to press of business, due to moving my grocery business to a new location.

You ask me for my authority in stating in my letter to the Hon. JOHN DALZELL that the profit of the beet-sugar industry would be found eventually stowed away in the pockets of the sugar trust. You also desire to know if I have made any personal investigations of the subject.

To the latter question I can state that beyond keeping as well posted as possible on a matter which is naturally of so much interest to me, I have made no extended personal investigation.

The fact that the sugar trust controls the domestic beet-sugar industry is one that is never disputed in sugar circles, and proof that such a condition does exist is readily obtainable. The statement which the sugar trust makes shows that they have \$22,000,000 invested in domestic beet-sugar factories. How much more is in the hands of

their directors is not stated, but it is a well-known fact that this stock is placed so as to control the whole. The beet-sugar factories of the country are for the most part divided up into groups and controlled by parent companies.

For instance, the Great Western Sugar Company is one of these, operating quite a number of the larger factories, and produces in all about one-third of our total domestic beet-sugar production.

Mr. H. C. Havemeyer, until his death, was president of this company. The president is now Mr. H. E. Morey, whose office is at No. 117 Wall street, New York, the American Sugar Refining Company's building.

The American Beet Sugar Company is another one of these parent companies, and Mr. J. Moody, in his book, *The Truth About the Trusts*, on page 64, says the following in reference to their relation with the American Sugar Refining Company:

"The capital of the American Beet Sugar Company consists of \$5,000,000 6 per cent preferred and \$15,000,000 common stock. Dividends have been paid regularly on the preferred from the beginning."

"This company operated for several years as a rival to the American Sugar Refining Company, or sugar trust, but early in the year 1903 harmonious relations were brought about between the competing interests, and it is now authoritatively stated that the sugar trust owns or controls a majority of the Beet Sugar Company's stock."

Mr. C. D. Warren, president of the Michigan Beet Sugar Company, you will note, is the gentleman who, acting with authority for all the domestic beet-sugar men, made an agreement with Mr. Taft that, provided he would not insist on lowering the sugar schedule in the interest of the consumer, they would not fight against the admission of Philippine sugars, up to 300,000 tons, free of duty.

The country thought we were to have a substantial revision of the tariff. Senator DOLLIVER demonstrated there has been no substantial revision so far as the woolen schedule is concerned. It is in reality an increase over the Dingley law.

Senator CUMMINS has demonstrated that there has been no substantial reduction in steel and iron that can possibly be of any benefit to the consumers' market. There has been a continued and persistent effort on the part of Mr. ALDRICH, the chairman of the Finance Committee, to reenact the Dingley law. There are Republicans on the other side of the Chamber who recognize the obligations they owe to the American people, and they have resisted manfully the tariff bill as framed by the Finance Committee of the Senate, and they deserve credit for their good work. We ought to give to the American people a reduction of at least one-third over the existing law on sugar. We ought to give to the American people free hides, free lumber, free materials for the preparation of fertilizers, free salt, free twine, free bagging and ties, and if there is any deficiency in the revenue, let us make it up by the passage of a proper income tax.

The most severe arraignment that I have read against the Republican party was made by Senator ALDRICH, who is considered the head of the Republican party in the Senate, though many of its valuable members no longer bow to his will and dictation.

In his opening tariff speech, delivered on the floor of the Senate on April 19 last, is a severe arraignment of the Republican party, and from his own confession he has been derelict in the discharge of his duty to the American people.

What did he say? I quote his exact language:

From an investigation more or less superficial I am myself fully satisfied that the appropriations made last year could have been reduced at least \$50,000,000 without impairing the efficiency of the public service. There are periods in the life of a nation when the spirit of extravagance pervades the atmosphere and the public money is scattered right and left, often without reference to the results to be secured. I hope and expect to see a radical reform in this direction. We have within the past few years created many unnecessary bureaus and multiplied employees beyond the possibility of efficient work.

And the Senator could have said that every one of these extravagant items had his approval and support.

Senator ALDRICH further said:

No one committee or official has been charged with the duty of attempting to coordinate expenditures with revenue, and extravagant and unwise appropriations have been made without reference to the economical administration of the Government.

In this work of necessary reduction in expenditure and in reform in methods of appropriation to which the Senate is pledged, I am authorized to say that we shall have the earnest support and active cooperation of the President and the administration.

Mr. BEVERIDGE. Mr. President—

Mr. CLAY. One moment. When I heard those words from the Senator from Rhode Island—and we all know his untiring industry and his great ability—I said to myself, in the future no item will pass the Senate that ought not to go in an appropriation bill.

Mr. BEVERIDGE. I merely wanted to say that the statement the Senator quotes from the speech of the Senator from Rhode Island was pretty hard on the Appropriations Committee as then constituted.

Mr. CLAY. Yes, Mr. President. I am a member of that committee, and the RECORD will bear me out that time and again on this floor I have tried to reduce appropriations, but we were never able to get the Senator from Rhode Island to help us.

Mr. ALDRICH. The Senator is very much mistaken in that. In the first place, I am not a member of that committee; but

my voice and my vote have always been for economy in the Senate; and I am not quite so sure about my friend from Georgia.

Mr. CLAY. I will give the Senator a week to examine the RECORD to find any extravagant items that I have voted for.

The Senator in this speech admits that we are spending \$50,000,000 each year more than we ought to expend to administer this Government. I challenge the Senator to point out during the last twelve years a single instance where he has made any effort to reduce our expenditures. The Senator is the leader of the Republican party. The country believes he molds and shapes its policy. Why, during this last session of Congress, when an effort was made to increase the salary of the President to \$100,000 per year and to almost double the salaries of the federal judges, the Senator from Rhode Island exerted every influence possible to secure the increase. When an effort was made by the Senator from Maine [Mr. HALE] to cut down the expenses of the navy, the record will show that the Senator from Rhode Island was the first Senator to vote against reducing the expenditures in the Navy Department. When an effort was made to force the banks to pay 2 per cent interest on nearly \$300,000,000 of money on deposit in those banks belonging to the American people, the Senator from Rhode Island was the first Senator to vote against such amendment. If the Senator openly admits on the floor of the Senate that each year we have spent \$50,000,000 of money more than we ought to have spent, and he has never raised his voice against this extravagance and has never pointed out to the Senate or the country what items of extravagance could have been avoided, then he has been derelict in his duty to the people of his State and the country. When did the Senator become clamorous for economy and reform? Ah, Mr. President, when he saw that the income tax in all probability would become a law, he became alarmed and endeavored to show the country that we could produce enough revenue and reduce the tariff downward to support the country without an income tax. And he was exceedingly anxious when the income tax confronted him to cut down the expenses of the Government to avoid the adoption of an income tax.

When the Senator from Maine [Mr. HALE] moved to reduce the naval expenditures of the country nearly \$6,000,000, whose name was first called? That of the Senator from Rhode Island, and he voted against the reduction.

Mr. ALDRICH. Mr. President, I take it for granted that economy is a question of intelligence in expenditures, and I would be quite willing, if the occasion required and I had the time, to discuss these propositions with the Senator from Georgia.

The Senator is mistaken in his last proposition as well as in his first. I voted with the Senator from Minnesota on that proposition.

Mr. CLAY. Then, if he did, I will give the Senator credit for it and say that for once he was right.

The Senator has surely forgotten that speech. This tariff bill provides for a customs court, to be composed of five judges, drawing a salary of \$10,000 per year each; a marshal, clerk, and attorney-general, \$10,000 per year each; and four assistants, at a salary of \$6,000 per year each; and will cost annually a quarter of a million dollars.

Mr. ALDRICH. Mr. President—

The VICE-PRESIDENT. Does the Senator from Georgia yield to the Senator from Rhode Island?

Mr. CLAY. Certainly.

Mr. ALDRICH. I have not only not forgotten that speech, but I am endeavoring to carry it into practical effect. The general estimate of the amount of money which is lost to the Government of the United States by undervaluations and by erroneous interpretations of law is from fifty to sixty million dollars a year. Many cases have been tried before a court in New York that involved from one to ten million dollars a year, at which the Government was not properly represented. But I do not intend to go into that question now. I think every man who has examined the question, whether on the committee or off the committee, believes that the expenses of this court for ten years would be often saved in a single case.

Mr. CLAY. Yes; the economy the Senator stands for means increased expenditure every time. I say the statement made by the Senator from Rhode Island is a reflection upon the courts of the great State of New York.

Mr. ALDRICH. Mr. President, the courts of the great State of New York do not decide customs cases at all, I believe.

Mr. CLAY. The federal courts do.

The Senator has not been consistent. He has never been an economist. He has never stood for economical, plain, simple government. We do not think alike. I do not criticize his

integrity or his intelligence. I appreciate his great ability. The Senator believes in a strong central government—the government of the classes and not the government of the masses. He represents what is called in his party the "Stalwarts." If he had his way, he would not change our tariff laws. He is satisfied with the Dingley law.

Many members of his party differ with him. Their views have been expressed on this floor time and again in the interest of the masses of the people. By their votes and speeches they have demonstrated that on many public questions they are in line with the Democracy.

Mr. President, this tariff bill, if enacted into law in its present shape, will give no substantial relief to the American people. The question may well be asked: Why was Congress called in extra session and the American people put to the extra expense of an extra session of Congress if we simply intend to reenact the Dingley law?

If the President of the United States entertains now the views which he so often expressed during his canvass, he can not regard this measure as a substantial revision of the tariff downward.

Mr. NEWLANDS obtained the floor.

Mr. ALDRICH. I should like to have the pending amendment stated, so that we may take a reckoning as to where we are.

Mr. NEWLANDS. I have the floor.

The VICE-PRESIDENT. The Senator from Nevada has the floor. Will he permit the pending amendment to be stated?

Mr. NEWLANDS. I do not wish to speak regarding the pending amendment.

Mr. McLAURIN. Let the pending amendment be stated.

Mr. NEWLANDS. Very well.

The VICE-PRESIDENT. Without objection, the Secretary will again state the pending amendment.

The SECRETARY. On page 68, line 16, it is proposed to strike out the proviso at the end of paragraph 194, reading as follows:

Provided, however, That all Lever or Goughrough lace machines, including machines for making lace curtains, nets, or nettings, imported prior to July 1, 1911, shall be admitted free of duty.

Mr. NEWLANDS. Mr. President, if I understood correctly the Senator from Georgia [Mr. CLAY] in his very clear and interesting speech, he claimed that the price of sugar in this country is about double what it is in other countries, and that American consumers pay over 4 cents a pound for their sugar, while in other countries they pay about 2 cents a pound. A difference of 2 cents a pound on sugar amounts to \$40 a ton; and as the total consumption of sugar in the United States is over 3,000,000 tons annually, it means that the American people pay over \$120,000,000 more per annum for their sugar than they would if they received it at the international price. That \$120,000,000 additional cost imposed upon the American consumer is caused by a tax imposed upon imported sugar; and the question arises as to how much of that \$120,000,000 the Government of the United States receives as revenue.

Upon referring to the statistics we find that the total amount of revenue received from sugar is only \$59,000,000, so that over \$60,000,000 annually of additional cost imposed upon the American people for their sugar goes to other interests. It goes in part to the producers of sugar in this country, in part to the producers of sugar in islands having certain relations to the United States and in part to the sugar trust.

With reference to this diversion of revenue I have to say that we find that by reason of favors to insular countries the amount of revenue which the United States receives from this tax has been constantly diminishing. We annexed Hawaii. Under ordinary conditions Hawaii, as a foreign country, would be compelled to pay, on its 400,000 tons of sugar imported into the United States, \$40 a ton, or about \$16,000,000 annually. That duty is entirely remitted by reason of annexation. There is no complaint to be made of course, so far as I am concerned, regarding annexation. I favored annexation. But this illustrates my point—that \$16,000,000 which otherwise would have gone into the Federal Treasury goes now to the planters in the Hawaiian Islands, and goes to them as a price above the international price which they would otherwise receive if they did not have the advantage of this favored market.

Mr. HEYBURN. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Idaho?

Mr. NEWLANDS. Certainly.

Mr. HEYBURN. It was suggested to my mind that if it were not for the fact that this Hawaiian sugar comes in free we would not import anything like that amount.

Mr. NEWLANDS. Possibly not. Possibly Hawaii would not be able to produce that amount. The very fact that Hawaii re-

ceives a price in these markets double what she can receive in any other country in the world has, of course, stimulated production in the Hawaiian Islands.

Then we have Porto Rico. Under the conditions that existed prior to the annexation of Porto Rico the 200,000 tons of sugar which she now produces would have been compelled to pay a duty of nearly \$40 per ton, or \$8,000,000 per annum. That has been remitted; and Porto Rico producers now receive \$8,000,000 more in the price of their sugar, in this favored market, from the domestic consumers of the United States, than they could by any possibility receive anywhere else in the world's markets.

We come now to Cuba. Cuba, at the close of the Spanish war, was producing only about 300,000 tons of sugar annually. Her present product is 1,400,000 tons, according to the statement of the Senator from Georgia [Mr. CLAY]. Upon that 1,400,000 tons there is remitted one-fourth, or 25 per cent, of the duty which would otherwise be taken. Cuban producers, whether those producers be the American sugar trust owning lands in that island or the native producers themselves, thus receive for their product \$14,000,000 annually more than they would be able to get in any other market in the world; and that \$14,000,000 is lost to our National Treasury.

I opposed the reciprocity treaty with Cuba. I opposed it because I felt that ultimately Cuba must become a part of the United States; and I felt that if we would simply take advantage of the economic conditions and refuse to her a commercial treaty which would give her this large bounty, economic necessity would compel her to apply to us for political union instead of commercial union. I should have been glad to see Cuba admitted as a Territory of the United States, with the ultimate prospect of statehood; for I regard that island as the most valuable of all the islands with which we have had to deal. She has a population to-day of only one and a half or two million people, and an ability to support 14,000,000 or 15,000,000 people. As it is, we are bribing Cuba, by this bounty of \$14,000,000, to maintain her independent position, and enabling her to receive in this country \$14,000,000 annually more than she could receive anywhere else in the markets of the world. I have been against commercial union with Cuba. I have always been for political union with Cuba.

We come next to the Philippine Islands. The fatal policy which we have pursued with reference to the islands of the world, resulting in a bounty to those islands, and alien abstraction of revenue from the United States Treasury, is about to be pursued there. The committee recommends that 300,000 tons of Philippine sugar annually be admitted into this country duty free. What does that mean? That the Philippine producers, whether those producers be the sugar trust, which will own the sugar lands in that country, or the native producers themselves, will receive nearly \$40 per ton more for their sugar than they can get anywhere else in the world. And \$40 a ton upon 300,000 tons means \$12,000,000 annually paid to the Philippine producers and lost to our National Treasury.

I am opposed to this arrangement. I believe that it will, in the end, prove injurious to the Philippine people themselves; that it will place their industry upon stilts, just as we have placed the industries of this country upon stilts; and that a day of reckoning will come. I believe that when independence finally comes the industries of those islands will be prostrated, by reason of the fact that they will be compelled to accept the world's prices, and will no longer receive the favored prices of the United States.

I am against this bounty to the Philippine Islands, because it will tie those islands effectually to us for all time. It will tie the people of those islands to us. The producers of sugar, receiving those \$12,000,000 annually, will object to the severance of relations that gives them this favored market in the United States. It will also build up in that country great American interests, great property interests, receiving a bounty from the consumers of the United States in the shape of an increased price for sugar. Therefore we will have interests at home that will be influential in legislation here and will prevent the final proper solution of the Philippine question, which means, according to the declarations of both parties, ultimate independence for the Philippine Islands when they shall have become fitted for self-government.

The parties may differ as to the time; the parties may differ as to the policy of declaration. One party may be in favor of now fixing the time definitely at ten, fifteen, or twenty years hence; and the other party, according to the declaration of Mr. Taft, may prefer to leave the time as a question to be determined in the future by a test of the capacity of the people themselves for self-government. But both parties unite on this policy of ultimate independence for the Philippine Islands, and the sentiment of the country is in favor of it. The people of

this country do not believe in maintaining valueless islands 7,000 miles away, in contact with all the belligerent forces of the world, where at any time an electric spark may light up a war that will cover this entire country, and involve it in expenditures equal to, if not surpassing, the expenditures of the Boer war. The traditions of the country are against holding a people in subjection against their consent, and this sentiment will grow.

What effect will the action which you propose to take have upon the policies of both parties, as thus far declared through their leaders? What effect will it have upon the sentiment of the Filipino people themselves? You propose to subsidize those people. You propose to subsidize the great sugar interests of this country that will be interested in production there. You propose to give them a bounty of \$14,000,000 annually from the American consumers; and then you expect that it will be an easy task, when the American people shall come to the conclusion that the possession of those islands is undesirable, to cut the tie that binds them.

There is but one way of dealing with the Philippine Islands consistent with humanity and integrity. That is to regard those islands as a separate unit, absolutely distinct in their form of government, absolutely distinct in their fiscal system, absolutely distinct in their industrial system, dependent upon us in no way except in the commission itself which forms the connecting link. If we do not complicate their industrial system with ours, if we do not complicate their fiscal system with ours, all we will have to do in the future will be to substitute Filipino commissioners for the American commissioners; and they will then go out as a nation, with a distinct industrial system of their own and a distinct fiscal system of their own, able to contend in the world for the world's prices.

But if you feed them upon the bottle of protection and of subsidy, and accustom them to prices in these favored markets double those which they could get anywhere else in the world, when separation comes you will throw them upon the world absolutely helpless in the economic struggle that will take place.

Mr. President, the Senator from Georgia [Mr. CLAY] has opened up a most important question—one of the most important questions that has been presented to us. It shows how the tariff tax is added to the cost of every article to the American consumer; how that tax is diverted from the Federal Treasury into the pockets of the interests that are connected with the production of the various commodities. It tends to show the folly of our policy regarding these islands in the ocean—these islands in these heated regions that have been unable to maintain themselves in their economic struggle with the temperate region even in such products as sugar, which have been heretofore regarded as the exclusive monopoly of the tropical regions. It shows the absolute folly of building them up by bounties and subsidies, particularly in the case of the Philippine Islands, if we wish to absolutely separate them from us, give them an individual life, and train them to struggle with the world for competitive prices.

I hope that the speech of the Senator from Georgia [Mr. CLAY] will be widely read and that the statistics will be carefully considered by the Senate; and I hope that both parties will unite in preventing this monumental blunder with reference to the Philippine Islands, which will result in enfeebling the people themselves in their struggle for economic equality with the rest of the world, which will accustom them to the bottle of subsidy, which will build up industries here and there that will be opposed to separation, and which, when separation finally comes, will cast those islands outside of the favored markets of the United States in a fatal struggle with the rest of the world without the industrial and economic training essential to its successful conduct.

The PRESIDING OFFICER (Mr. Dixon in the chair). The question is on agreeing to the amendment proposed by the committee.

Mr. STONE. Mr. President, I wish to make a single observation before the vote is taken. The proviso as it came from the House of Representatives was:

That all embroidery machines and lace-making machines, including machines for making lace curtains, nets, or nettings, imported prior to July 1, 1911, shall be admitted free of duty.

The Senate committee has stricken out the words "embroidery machines and lace-making" and inserted "lever or go-through lace."

Mr. ALDRICH. That amendment has been withdrawn. The proviso has been stricken out entirely.

Mr. STONE. The Senator from Rhode Island withdraws the Senate amendment?

Mr. ALDRICH. I have moved to strike out the entire proviso.

Mr. STONE. As I understand, the Senator withdraws the Senate amendment in the proviso and moves to strike out the whole proviso.

Mr. ALDRICH. That is right.

Mr. STONE. Now, upon that I wish to say just a word with a view to emphasizing and attracting particular attention to a remark made by the Senator from Rhode Island this morning when this proposed amendment of his to strike out was under consideration.

Mr. President, the Senator from Rhode Island has been the victim—I am sure the unwilling victim—of a shower of compliments in the last two or three or four weeks that ought to satiate him unless he is a vainer man than I think him to be. He already stands knee deep in flowers, and I do not care to throw an additional bouquet on the heap. Still a statement made in plain language, not in fulsome language, would be permissible and not violate the rule that I have suggested for my own observance.

The Senator from Rhode Island we know to be one of the—I will not say the only—important individual force in congressional legislation. He is one of the strongest factors—I will not say the only strong factor—in this particular legislation, although his position as chairman of the committee gives him exceptional prominence. I know, too, that he is one of the recognized leaders in the country of the Republican party, and therefore a statement coming from him is entitled to some special consideration. When he makes a startling statement it is well to pause a little just to think about it and try to estimate its significance.

This morning the Senator said that lace-making machines ought not to be put upon the free list because some machines of that kind had at some time in the past been imported, upon which the importer had paid a duty, and that it would be an unjust discrimination to put them upon the free list now and permit others in the future to import them free of duty.

Mr. President, that is a very far, radical advance, even on the declarations of the Chicago platform. That platform declared that a tariff should be levied sufficient to cover the difference in cost of labor production in this country and abroad, to protect labor, and that the duty should be made still higher for the purpose of insuring a profit to the manufacturer who employed the labor. That was a new and bold declaration of party policy.

But now the Senator from Rhode Island advises us that a machine should not be put on the free list because, forsooth, some persons have paid a duty upon such machines in the past. If that is to be the policy of the country, then we are closed at once against the possibility of putting anything on the free list or of reducing the duty upon it.

Mr. President, moreover, the Senator from Rhode Island said there were no machines of this kind made in this country—not one—

Mr. ALDRICH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Rhode Island?

Mr. STONE. Certainly.

Mr. ALDRICH. I think I stated, and if not I will now state, that there is every probability that they will be made in the United States at an early day; and I will state further, what I did not state before, that parts of the foreign machines used in some of the countries abroad are of American invention, and they should be of American manufacture.

Mr. STONE. Machines made abroad may be made in accordance with some American invention, but they are not manufactured in this country. There is no capital invested in them. There is no labor employed in their manufacture.

But the Senator says we may tempt or encourage or induce some one or another to enter upon this enterprise, to invest capital and employ labor in the making of these machines. This tariff, therefore, is to be maintained, this exaction is to be made upon persons who need these machines and must buy them abroad if they buy them and have them at all, not to protect even an infant industry, but merely to tempt or induce somebody to venture upon the enterprise. These, Mr. President, are the things which I wish to emphasize because they are new declarations of party policy. That is all I care to say.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Rhode Island.

The amendment was agreed to.

The PRESIDING OFFICER. Without objection, the paragraph as amended will be agreed to.

Mr. McLAURIN. There is a good deal of objection to that.

Mr. PAYNTER. I have an amendment pending, but it should be changed in view of the fact that the proviso has been stricken out. I withdraw the amendment and move the amend-

ment I send to the desk, because it would not be intelligible if it were left the other way. I offer this amendment in lieu of the other.

The PRESIDING OFFICER. The Senator from Kentucky offers an amendment which will be stated.

The SECRETARY. On page 68, line 16, after the words "ad valorem"—

Mr. PAYNTER. In line 11, strike out the words—

The SECRETARY. In line 11, strike out the words "linotype and all typesetting machines"—

Mr. PAYNTER. And add—

The SECRETARY. And in line 16, after the words "ad valorem," add:

Provided, On linotype and all typesetting machines, 10 per cent ad valorem.

Mr. PAYNTER. I think that meets it; and on that question I demand the yeas and nays.

Mr. ALDRICH. I believe all these linotype machines are patented. I think every one of the articles covered by the amendment of the Senator from Kentucky is a patented machine. He might, by the adoption of this amendment, be doing the very thing the linotype company would like to have done—that is, they might like to bring the machines in here for their own use or sale at 10 per cent and thereby take the work away from American mechanics for the benefit of foreign mechanics.

I understand that none of these machines can be sold in this country except by the consent of the linotype company—whatever the name of it is—the Mergenthaler Company.

Mr. KEAN. The Mergenthaler Company.

Mr. PAYNTER. I am very glad to be able to relieve the Senator from Rhode Island of any apprehension on that score. I have received a letter from the president of that company, in which he complains very bitterly because composing machines are singled out for a reduction of the duties thereon. So the Senator need not have any apprehension on that question.

Mr. ALDRICH. Is it or is it not a fact that the machines are patented machines?

Mr. PAYNTER. Yes; they are patented.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Kentucky.

Mr. PAYNTER. On that I demand the yeas and nays.

The yeas and nays were ordered.

Mr. BORAH. Let the amendment be again reported.

The PRESIDING OFFICER. The Secretary will again state the amendment offered by the Senator from Kentucky.

The SECRETARY. On page 68, line 11, it is proposed to strike out the words "linotype and all typesetting machines," and add, in line 16, after the words "ad valorem," the following:

Provided, On linotype and all typesetting machines, 10 per cent ad valorem.

Mr. BURKETT. I submit to the Senator from Kentucky that that does not read very well. It seems to me it should read: "Provided, That."

Mr. ALDRICH. The word "Provided" does not need to be there.

Mr. PAYNTER. It follows the proviso. I studied it very carefully.

Mr. ALDRICH. The proviso is stricken out. All the Senator needs to say is "linotype and typesetting machines, 10 per cent."

Mr. BURKETT. I think it would be better to leave out the word "Provided," at least. The proviso has been stricken out.

Mr. PAYNTER. I am quite willing to leave out the word "Provided." It means the same thing.

Mr. BRISTOW. I should like to inquire if the Senator from Kentucky has any information as to what would be the difference in the cost of manufacturing these machines abroad and here? I am in hearty accord with reducing the duty on linotypes, but I think they ought to be made in this country.

Mr. PAYNTER. That is a matter of not very much importance. If these gentlemen have carried out their design they have a controlling interest in the foreign companies. They say they have made a proposition, and they expect to buy 75 per cent of the capital stock owned in competing foreign countries.

The PRESIDING OFFICER. The Secretary will call the roll on agreeing to the amendment of the Senator from Kentucky [Mr. PAYNTER].

The Secretary proceeded to call the roll.

Mr. WARREN (when his name was called). I am paired with the Senator from Mississippi [Mr. MONEY]. I do not see him in the Chamber, and I withhold my vote.

The roll call was concluded.

Mr. RICHARDSON. I am paired with the Senator from Arkansas [Mr. CLARKE].

The result was announced—yeas 35, nays 43, as follows:

YEAS—35.

| | | | |
|-------------|-----------|----------------|--------------|
| Bacon | Culberson | Johnston, Ala. | Rayner |
| Bailey | Cummins | La Follette | Simmons |
| Borah | Daniel | McLaurin | Smith, Md. |
| Bristow | Dolliver | Martin | Smith, S. C. |
| Brown | Fletcher | Nelson | Stone |
| Burkett | Foster | Newlands | Tallaferro |
| Chamberlain | Frazier | Overman | Taylor |
| Clapp | Gore | Owen | Tillman |
| Clay | Hughes | Paynter | |

NAYS—43.

| | | | |
|-------------|------------|------------------|--------------|
| Aldrich | Curtis | Hale | Perkins |
| Brandages | Dick | Heyburn | Piles |
| Briggs | Dillingham | Johnson, N. Dak. | Root |
| Bulkeley | Dixon | Jones | Scott |
| Burnham | du Pont | Kean | Smith, Mich. |
| Burrows | Elkins | Lodge | Smoot |
| Burton | Flint | McCumber | Stephenson |
| Carter | Frye | Nixon | Sutherland |
| Clark, Wyo. | Gallinger | Oliver | Warner |
| Crane | Gamble | Page | Wetmore |
| Cullom | Guggeheim | Penrose | |

NOT VOTING—13.

| | | | |
|-----------|--------------|------------|--------|
| Bankhead | Clarke, Ark. | McEnery | Warren |
| Beveridge | Crawford | Money | |
| Bourne | Davis | Richardson | |
| Bradley | Depew | Shively | |

So Mr. PAYNTER's amendment was rejected.

Mr. McLAURIN. I offer an amendment to paragraph 194.

The PRESIDING OFFICER. The amendment will be stated.

The SECRETARY. It is proposed to strike out the words "printing presses, sewing machines, and typewriters," and to add at the end of the paragraph the following:

Notwithstanding anything in this bill contained, printing presses, sewing machines, and typewriters, when imported into this country, shall be exempt from the payment of duty.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Mississippi.

Mr. McLAURIN. Mr. President, I do not suppose that there is any possibility, to say nothing of a probability, of getting a majority of the Senate to listen to any appeal on behalf of those who are not able to come here and represent themselves before the committee. But at the risk of incurring the impatience of the Senate I am going to make some suggestions in reference to the amendment which I have just proposed.

I see here by the estimated revenues document furnished to Senators that in paragraph 194, of machinery not elsewhere specified, there were imported into this country for the year ending June 30, 1907, \$4,978,090.67 worth and exported \$58,690,651 worth. The tariff was 45 per cent. I see in the line that includes printing presses, sewing machines, and typewriters the following:

Cash registers, linotype and all typesetting machines, machine tools, printing presses, sewing machines, typewriters, and all steam engines, no importation at all.

The exports were \$35,317,448. The census of manufactures for the calendar year 1904 shows \$132,539,087. The tax on these articles is 30 per cent ad valorem; revenue none.

There must be no necessity for protection in this matter, and it does not make any difference with me whether there is a necessity for protection as it is called protection by the committee and by the Republican majority in the Senate. There is no necessity for extortion, and if anybody is to be protected it ought to be those who use these articles.

I see a man clothed in purple and fine linen get in his automobile and start out and pass a printing office. He finds that that printing-office man has bought his press, and, as he is not able to employ all the help he needs, he must work at it himself, as I know from observation is the fact in a good many places in this country. As he goes by that printing office, he finds that the man has bought a printing press. One-third of it, or nearly one-third of it, is per cent that he has paid.

He goes along a little farther, and he passes where there is a young lady working on a typewriter. She is compelled to make her living. Senators may sneer at the idea of any protection for that class of people, but they are American citizens.

Mr. LODGE. The Senator is speaking now of a patented article, and under our laws they are given a monopoly here.

Mr. McLAURIN. I am not talking about—

Mr. LODGE. The typewriter is patented.

Mr. McLAURIN. But the patents have run out on a great many of them.

Mr. LODGE. Not on typewriters.

Mr. McLAURIN. I think the Senator is mistaken about that.

Mr. LODGE. The Senator will find that there are parts of all these machines patented. All the improvements are patented.

Mr. McLAURIN. Then let us let in the foreign typewriter and kick that patent out.

Mr. LODGE. You can not buy that patented machine except here. You are proposing to give them a chance to make it abroad and make our people pay double.

Mr. McLAURIN. Are there no typewriters made abroad?

Mr. LODGE. There are a great many American typewriters. Here they are sold under a patent.

Mr. McLAURIN. Are there none made by any foreigners?

Mr. LODGE. I have never seen them.

Mr. McLAURIN. Then what is the necessity for this provision?

Mr. LODGE. Because our manufacturers of typewriters would then make them abroad and bring them in here. They would have absolute control of the market under the patent and get them made by cheaper labor elsewhere.

Mr. McLAURIN. Mr. President, if there is no typewriter made anywhere in the world except here—

Mr. LODGE. I did not say that, for I do not know. I say I never happened to see abroad anything but American typewriters.

Mr. McLAURIN. Then give that girl who works on a typewriter the benefit of the doubt.

Mr. LODGE. The benefit of what doubt?

Mr. McLAURIN. Whether there are any made in any other portion of the world or not. The Senator does not say that any are made anywhere else.

Mr. LODGE. The American typewriter is usually used abroad because it is an American invention.

Mr. McLAURIN. This girl is making her living by typewriting. To be sure, she is not able to ride in an automobile, but she sees one passing by her door. When she buys that typewriter out of which she is making her living, she pays \$90 for it, and \$30 of that is per cent.

We go along a little farther and we see some woman out on the farm sewing on a sewing machine. She has paid probably \$60 for that machine, and \$18 of that is per cent. That helps to make up the amount of money that enables this man to ride in his automobile. He stops there to get a drink of water, and while he is getting his drink of water he enters into conversation with this lady. He says to her, "What did that sewing machine cost?" She says, "It cost \$60. I have been told that \$18 of that is per cent. Now, inasmuch as that is so, I should like to have it at \$42. Have you anything to do with that?" "Oh, I am a protected manufacturer. The law protects me." "Well," she says, "am not I an American citizen, and have not I any right to protection either?" "Why, you are protected in the fact that you buy this machine and you give me the money that enables me to run my factory." "Can you not run your factory without taxing the people who have to make a living by sewing? I have my little children around me here. I have five or six for whom I have to make their wearing apparel, and I make it on this sewing machine. Must I pay taxes in order that you may be enabled to ride in this splendid automobile by my house?" "But you are protected." "How am I protected?" "You are protected in your needles." "How am I protected in my needles? I am not a manufacturer of needles." "But you do not have to pay any per cent on your needles." "They tell me that I have to pay a heavy per cent on the needles. You will not put them on the free list." She goes along through this dialogue with him until after a while he says, "I see you have a gourd out there. You drink your water out of it. We have that on the free list. You do not have to pay anything on that." She says, "I do not know about that. We raised that gourd, and before we could prepare the gourd for use we had to boil it in a pot and the pot had a tax on it. So I have had to pay a tax for boiling the bitterness out of the gourd, and then when I went to cut it I had to cut it with a knife, and there is a tax on the knife. You do not exempt that from duty and I have had to pay a per cent on the knife with which I have cut the gourd. So in everything in the world I use you tax me in order that you may ride in this automobile."

Now, I say to Senators, the people are going to hold you to an account for this, and they ought to do it. You may be mad with power, you may have been elected to office time and again, and the people may have committed to your charge the administration of this Government until you have come to the conclusion that you are not responsible to anybody, but they will hold you responsible.

I offered the other day an amendment to the bill to exempt from duty the agricultural implements that the farmer uses to cultivate his crops, the husband of the wife who has paid her money for the purpose of keeping up the manufacturers of sewing machines and typewriters and printing presses. This woman who has done that has a husband who is out in the field hoeing and plowing, with implements that are taxed high, for the purpose of making provision to feed your body and the

clothing that clothes you. You voted that down. The people are going to call you to an account, and they ought to call you to an account, mad as you may have become with the power that has been committed to your charge. I may not be able to present it to the people, but there are those who will present it to the people all over this country.

But were I Brutus,
And Brutus Antony, there were an Antony
Would ruffle up your spirits, and put a tongue
In every wound of Caesar, that should move
The stones of Rome to rise and mutiny.

You tax everything that these people consume. You make them pay the expenses of this Government, and when you are called upon to contribute a small modicum of the expenses of government by an income tax you laugh it to scorn and say it is double taxation. You know it is not double taxation. It is a righteous tax that you ought not only to be willing to pay, but that you ought to be anxious to pay. You do not pay your proportionate share of the expenses of the Government when it is levied by customs taxes. You only pay on the imported goods that you use. You do not pay on imported goods in proportion to the amount that is paid by the humble man who follows the humble walks and the humble callings of life. You ought to be compelled to do it, and the people of this country are going to hold you to an account. You said to them last year in effect—you did not say in words, but you intended them to understand that you were going to revise the tariff downward. You have not done it, and you now say you never said you were going to revise it downward. You did not in your platform use the word "downward," but you knew, and every man who went before the American people as a Republican campaign orator in the last campaign knew, as I knew, that the people understood when you spoke of a revision of the tariff that you would revise it downward, and no man rises in his seat to say he did not understand at that time that the people understood it was the intention to revise the tariff downward.

Mr. HEYBURN. Mr. President—

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Idaho?

Mr. McLAURIN. Yes, sir.

Mr. HEYBURN. I do not think I stand alone, but I say for myself that I took occasion wherever I went to say that the Republican party was not pledged to a downward revision, but that it was to be a revision of the tariff along intelligent lines, and, perhaps, in many cases it would raise it.

Mr. McLAURIN. Mr. President, I accept the statement of the Senator from Idaho, but I want to say to him that that did not get out on him. I never heard of it before, and I do not think anybody else ever heard of the Senator having made a speech last year in which he said that the revision meant a revision upward instead of a revision downward. If it did not mean a revision downward, it meant a revision upward, because a revision meant a change in the tariff. Who will say it did not mean a change of the tariff when you spoke of revision? Because if you did not intend to raise it or lower it there could be no revision of the tariff.

Mr. HEYBURN. The few Democrats there were in the State of Idaho heard us and used it against me, but the people were with us.

Mr. ALDRICH. Will the Senator allow me?

Mr. McLAURIN. With pleasure.

Mr. ALDRICH. Mr. President, it is really refreshing to hear the kind of a speech which the Senator from Mississippi is now making—

Mr. McLAURIN. After the strenuous efforts of the Senator from Rhode Island, I am glad to have an opportunity to refresh him.

Mr. ALDRICH. From a man who has courage enough to be a free trader without apology and without excuse.

Mr. McLAURIN. I make no apology for being a free trader, so far as we can be free traders and get a revenue sufficient to defray the expenses of the Government when that Government is administered economically.

Mr. ALDRICH. But I hope that my friend from Mississippi will agree with me that it is doubtful, to say the least, whether he is authorized to speak for the Republican party.

Mr. McLAURIN. Mr. President, I am only speaking of what the Republican party did and what they said. I know that the whole trend of Republican oratory last year was that they intended to revise the tariff downward; that that is what they meant, and the people understood them to mean that. If they had not, they probably would not now be revising this tariff; but it would be revised by the friends of the consumers, instead of by those who are extorting from the consumers.

Mr. President, this amendment ought to be adopted. There ought not to be any desire or disposition to tax the printing

presses of the country, to tax the sewing machines of the country, or to tax the typewriters. The people who work on sewing machines and typewriters are people who are compelled to work. They do not perform that work for fun. They do it because they are compelled by their necessities to work, to use a common expression, to make buckle and tongue meet.

I repeat, Mr. President, this amendment ought to be adopted, but I do not expect a Republican Senate to adopt it. The time will come when it will be done, and I want to say to the Republican Senate that I take no part in the statements that have been made here that we are making a tariff for ten years or twelve years. My friend from Georgia [Mr. CLAY] this morning, who made a splendid and a very instructive speech, was mistaken when he said that he thought we were making a tariff for ten years or more. My friend from Indiana [Mr. BEVERIDGE], whom I do not now see in his seat, who is constantly telling us about what length of time we are making this tariff for, is mistaken about that. We are making a tariff which could be made to last for many years; but it will not be so made because of the obstinacy of the majority of the Republican party, commonly known as "standpatters." We are making a tariff that will last for two years and a little more than that, because your bill ought to be labeled "A bill to elect a Democratic Congress," instead of "A bill to provide revenue, equalize duties, and encourage the industries of the United States, and for other purposes," as you have entitled it. That is what it will accomplish.

Mr. SMITH of Michigan. Will the Senator permit me to interrupt him?

The PRESIDING OFFICER. Does the Senator from Mississippi yield to the Senator from Michigan?

Mr. McLAURIN. I always love to hear the Senator from Michigan.

Mr. SMITH of Michigan. Are we to understand from the Senator from Mississippi that when the Democratic party do get into power they are going to turn over the cash-register manufacturing, the printing-press manufacturing, the sewing-machine manufacturing, the typewriter manufacturing, and the steam-engine manufacturing to our competitors on the other side of the ocean?

Mr. McLAURIN. Has the Senator from Michigan seen anything in my amendment about linotypes or cash registers or anything except sewing machines, printing presses, and typewriters?

Mr. SMITH of Michigan. Well, does the Senator propose to have free trade in those?

Mr. McLAURIN. I surely would, if I had the power. I can not speak for the Democratic party, but only for myself, a humble member of it, and a partisan.

Mr. SMITH of Michigan. Does the Senator from Mississippi believe his party will enact that kind of legislation if they get into power?

Mr. McLAURIN. Mr. President, "sufficient unto the day is the evil thereof."

Mr. SMITH of Michigan. Yes; it is sufficient; that is true. [Laughter.]

Mr. McLAURIN. Whenever the Democratic party gets into power—if it is the Democratic party—it will not enact a tariff that will be for extortion, but a tariff for revenue, and revenue alone.

Mr. SMITH of Michigan. Mr. President—

Mr. McLAURIN. I say, if the real Democratic party gets into power, which I hope will be the result of the mismanagement of this bill by the Republicans—

Mr. ALDRICH. What does the Senator mean by the "real Democratic party?"

Mr. McLAURIN. I mean Democrats who are Democrats.

Mr. ALDRICH. What is the line which the Senator would draw?

Mr. McLAURIN. Will the Senator tell me what is the line between his class of Republicans in this Senate and the "insurgents?"

Mr. ALDRICH. We are all Republicans on this side.

Mr. McLAURIN. Yes; and we are all Democrats on this side. [Laughter.]

Mr. BEVERIDGE. Except on iron ore and other things.

Mr. GALLINGER. We are a happy family.

Mr. McLAURIN. Yes; we are a very happy family, because we see your family in such distress. I see some very anxious countenances on the other side of the Chamber, and I have been seeing them all along. When I heard the splendid speech that was made in favor of the consumer, which proposed to reduce the tariff as your party promised to do—and I thought it one of the best speeches I have heard in this body since I have been here by a Republican, one of your number, all of whom, as the Senator from Rhode Island says, are Republicans—when I heard

that Senator make a speech which advocated the interests of the consumer, as well as the consumer's rights, I saw some very sick faces on the other side of the Chamber; and while the Senator from New Hampshire [Mr. GALLINGER] was not among the sickest of them, I will say that he was not among the healthiest looking men at that time.

Mr. President, I have said about all I intended to say on this subject. I did not intend to say this much and would not have done so had I not been interrupted by Senators, but I want a yea-and-nay vote on the amendment.

Mr. ALDRICH. Will the Senator tell us why he curbed his youthful enthusiasm in this matter by only putting in three articles out of all those on the free list? Why not put them all on the free list?

Mr. McLAURIN. Is that relevant to the question whether these three articles ought to be on the free list, I will ask the Senator?

Mr. ALDRICH. It would seem to me so. If the Senator from Mississippi is so exceedingly anxious about the consumers, why not give them everything free?

Mr. McLAURIN. I ask the Senator the question, Is he willing, if I put them all on the free list, to vote for such an amendment?

Mr. ALDRICH. I am not willing to vote for any part of this amendment.

Mr. McLAURIN. No. Then I would suppose that it were better for the Senator from Rhode Island to let me prepare my own amendment—

Mr. ALDRICH. Certainly.

Mr. McLAURIN (continuing). Instead of his preparing it, I give no reason for not putting the other articles on the free list; but I have given a good reason why these articles should be put on the free list. I think I could give reasons for putting others on the free list if I were called upon to do so and if they were in the amendment; but it would not be germane to the amendment to give any reason why others should be put on that are not put on in the amendment. It is germane, however, to give the reason why I think these ought to be put on the free list.

There is not a dime's worth of revenue obtained from any of these articles, neither from printing presses, sewing machines, nor typewriters; nor is there a dime's worth of revenue from all these listed in those two lines which I have read; and yet there was \$35,313,448 worth exported from this country. I hope the Senate will give me a yea-and-nay vote on the amendment.

Mr. CLAPP. Mr. President, before the vote is taken, I propose, with the indulgence of the Senate, to submit a few remarks, especially for the benefit of my Democratic brethren.

There are some Republicans on this side of the Chamber who recognize the fact when a party meets in convention, makes a platform, and selects a standard bearer—who was recognized even in advance of the making of the platform as being the standard bearer—that the attitude of that standard bearer as to the interpretation of the platform has some force; and whatever may have been the arguments of men in the campaign last fall, when we come to sum up the entire situation in the inaugural address of the President, delivered in this Chamber on the 4th of March, it is a plain, clear declaration that the spirit of this revision should be that of a downward revision. He accentuates that, and merely speaks of the exception, if any, to the contrary of that position. I believe that there are Democrats in this Chamber who would like to see that kind of a revision; Democrats who would rather see that kind of a revision than take the chances which may come to them, possibly, of a revision which will not stand popular approval. If there are, I feel for them upon this question. Where the House or where the Senate committee have made a reduction of the Dingley rate, it does seem to me that it is unfair and unwise for us to attempt to go further than that. Upon that plan we may unite and we may possibly get a revision of the tariff along this line. In this very schedule the committee has reduced the Dingley rate of 45 per cent to 30 per cent, I believe.

Mr. ALDRICH. That is right.

Mr. CLAPP. To 30 per cent. If we can go through this schedule upon any such approximation as that, we will have fulfilled this pledge; we will have given this country a tariff revision that will stand for years to the best interests of every American citizen in avoiding again the clamor, the excitement, and the depression incident to tariff revision.

I want to say to the Senator from Mississippi [Mr. McLAURIN], who has just taken his seat, that if he is in earnest, it seems to me, while it is not my province to administer any lecture to any man—

Mr. McLAURIN. I did not catch the last remark of the Senator. Did he say if I am in earnest?

Mr. CLAPP. If the Senator is in earnest in seeking a revision along the line he has laid down—

Mr. McLAURIN. Does the Senator doubt that I am in earnest about it?

Mr. CLAPP. Wait until I get through—revision along the line he has laid down as being the promise of the Republican platform—I say if it is the desire of the Senator, then it seems to me that he is simply interfering with the carrying out of that desire with amendments such as he has offered to-day and such as the one he offered the other day.

Mr. McLAURIN. Will the Senator allow me to interrupt him?

Mr. CLAPP. Certainly.

Mr. McLAURIN. I am not desirous of a tariff on the line of the Republican platform. The Republican platform, as I understand, proposes, after making good the difference between what it costs for labor in this country and labor abroad, to then guarantee to the manufacturer here a profit over and above that. That would absolutely exclude all importations from abroad, because if you equalize the difference in cost between foreign production and the cost of domestic production and then add to the domestic producer a reasonable profit on that, it would be impossible for the importer to come in.

Mr. CLAPP. Mr. President—

Mr. McLAURIN. One word further. The three articles which I have proposed in this amendment to put upon the free list produce no revenue at all to this country.

Mr. CLAPP. That is true.

Mr. SCOTT. Will the Senator from Mississippi allow me a minute?

Mr. McLAURIN. Certainly.

Mr. SCOTT. I will say to the Senator from Mississippi that this duty is a reduction of the duty in the Wilson-Gorman bill, framed by your own party. That bill had 35 per cent on sewing machines and typewriters, and now we propose to make it 30 per cent.

Mr. McLAURIN. Is the Senator from West Virginia willing to go back to the Wilson-Gorman bill and take that?

Mr. SCOTT. I just thought I would call the Senator's attention to it.

Mr. McLAURIN. If not, it is not relevant.

Mr. SCOTT. Would the Senator from Mississippi join with me in an effort to take the Wilson-Gorman bill?

Mr. BEVERIDGE. That far?

Mr. SCOTT. No; I am talking about the whole bill.

Mr. McLAURIN. I would take it in preference to the bill you are going to adopt here. I commend the Walker tariff as better.

Mr. SCOTT. The American people do not want it.

Mr. McCUMBER and Mr. KEAN addressed the Chair.

The VICE-PRESIDENT. Does the Senator from Minnesota yield, and to whom?

Mr. McCUMBER. If the Senator does not so desire, I will not interrupt him.

Mr. CLAPP. I am willing to yield—

Mr. McCUMBER. I will not take the Senator's time now.

Mr. CLAPP. I want to say here, Mr. President, that I believe in these debates; instead of a man starting in and insisting upon making a speech he has outlined, it is infinitely better to permit interruptions. If there is any light to be thrown on a subject, it may be thrown upon it in that kind of a debate.

Mr. McCUMBER. Mr. President, then I will take occasion for just a moment's interruption upon a matter concerning which I thought I would speak to the Senator from Mississippi, and that is in regard to the revenue obtained from sewing machines and other machines, and the fact that we receive no revenue justifying us in placing them upon the free list. The Senator is usually conservative, but I must say that he has somewhat abandoned his usual attitude in these tariff discussions. The Senator understands as well as I do that the same manufacturing companies have their branches and their manufacturing establishments in the Old World. I think the Singer Company, for instance, has one in London, has it not?

Mr. KEAN. They have one in Canada—

Mr. McCUMBER. Yes; and one in Berlin.

Mr. KEAN (continuing). One in Germany and one in Russia.

Mr. McCUMBER. And one in Russia.

Mr. KEAN. I should like to say to the Senator that they have an establishment in my town which employs nearly 9,000 people, and they employ in the distribution of sewing machines over the United States more than 50,000 people.

Mr. McCUMBER. But, Mr. President, the point is that these machines are manufactured on the other side of the ocean and are supplying the demand on that side. If we place them on the free list, what do we gain by it? They will simply be manufactured there, shipped over to this country, and sold for

exactly the same price that our manufacturers now sell them, and our laborers on this side of the ocean will be entirely thrown out of employment. I do not think there can be any question about that.

I do not believe, and I do not believe that the Senator thinks, that taking the duty off of those sewing machines would reduce the price a single cent. The only question is whether they shall be manufactured in this country for a given price, or whether they shall be manufactured by laborers in another country by the same manufacturers, brought over to this country, and sold in the markets of this country for practically the same price at which they are being sold to-day. I want to correct the Senator—

Mr. McLAURIN. Will the Senator allow me to ask him a question?

Mr. McCUMBER. In a moment I will. I want to correct the Senator's statement as to the matter of valuation. I think he will find it to be the fact that sewing machines sell all the way from \$18 to \$30 apiece; some of them may cost \$30, depending on the finish; but they can be purchased within those limits. Now, the only thing, as I have said before, is the question where this manufacturing will be done. I now yield to the Senator.

Mr. McLAURIN. I should like to ask the Senator, if these machines are being made in this country and abroad by the same people, how it is that \$35,000,000 worth of them are exported from this country?

Mr. McCUMBER. The reason is, Mr. President, that they are not manufacturing very much abroad. Our sewing machines seem to satisfy the people of the old countries, and they are willing to buy the American make. They are practically, or nearly, as I understand, the only machines that are sold on the other side; but they are manufactured as well on that side.

Mr. KEAN. Will the Senator yield to me for a moment?

Mr. McCUMBER. Certainly.

Mr. KEAN. I can tell the Senator that the sewing machine manufacturers of this country are chiefly shipping to South America. Very large exportations of sewing machines manufactured at Elizabeth are made to South America and to countries that do not have factories.

I want to add to what I have already said that the employees of the company in Elizabeth receive their wages weekly, and that the company distributes in wages to their employees nearly \$125,000 every week.

Mr. McLAURIN. I do not care to what country those machines are exported if the same people are manufacturing them here and abroad. If they are all manufactured by the same concern, what difference does it make whether there is a tariff on them or not, and whether they are shipped to South America or to any other country?

Mr. McCUMBER. The difference is that they can be manufactured a great deal cheaper in Germany and in Russia than they can be manufactured on this side.

Mr. McLAURIN. Then, why are they sent from this country there?

Mr. McCUMBER. And without this tariff, of course, they would all be manufactured exclusively on the other side and shipped here, and it would not make any difference in price to the consumer.

Mr. McLAURIN. If there are now more than are consumed in this country manufactured in this country, and they are exported to Germany and other countries, I can not see how it would make any difference if they were put on the free list. I again express my doubt about there being just one trust in all this business. I think in all the world they might get up two or three trusts for sewing machines, and they might get up some competition.

Mr. KEAN. This is not a trust at all.

Mr. McLAURIN. I do not know what it is, if they are the same people.

Mr. KEAN. I only spoke of one company; there are numerous companies.

Mr. McLAURIN. There are other companies?

Mr. KEAN. Yes; there are other companies.

Mr. McLAURIN. Then they would compete, would they not?

Mr. KEAN. They do compete.

Mr. McLAURIN. They are cut off from competition here by the tariff.

Mr. KEAN. I beg the Senator's pardon. They are not cut off by the tariff at all.

Mr. McLAURIN. I ask the Senator from North Dakota if he would be willing to vote for a tariff of 10 per cent? He speaks of my conservatism and nonconservatism, and I have retrograded, according to the Senator from North Dakota, lately, but from the conservatism to which I had entitled myself in

this estimation I want to know if I will be so conservative as to put the rate at 10 per cent if the Senator from North Dakota will support with his usual eloquence and ability a tariff of that amount?

Mr. McCUMBER. I certainly would not.

Mr. McLAURIN. I thought so.

Mr. McCUMBER. The reason I would not is that the difference in the cost of production at home and abroad, in my opinion, is fully 30 per cent; and that is the only tariff we have placed upon the machines, about 30 per cent ad valorem. I believe that by taking off the 30 per cent you would probably close some of the factories on this side, and just to the extent they were being closed on this side you would necessarily transfer the manufacture to the same amount on the other side.

Mr. NELSON. Mr. President—

The VICE-PRESIDENT. Does the junior Senator from Minnesota yield to the senior Senator from Minnesota?

Mr. CLAPP. Yes.

Mr. NELSON. I want to say to the Senator from North Dakota that American sewing machines are sold by scores and scores in Europe for a much less figure than we can get them for here.

Mr. McCUMBER. I think the Senator—

Mr. NELSON. And of our manufacture.

Mr. McCUMBER. But I think the Senator will find that they are also manufactured there. I do not understand that they are all shipped from this country and sold there.

Mr. NELSON. They are by the scores and by the hundreds shipped from this country and sold there.

Mr. McCUMBER. I think the Senator is mistaken. I think they are manufactured there. I should like to ask the Senator what reason on earth would there be for making a machine on this side at an extra cost when they have got their shops on the other side that can make them 30 per cent cheaper than they could be shipped from this side? I think the Senator will find on investigation that the Singer sewing machine that is sold on the other side of the ocean is also manufactured on that side.

Mr. NELSON. I know, Mr. President, that when I was across the ocean some nine or ten years ago I found a variety of American sewing machines sold for less than we could get them for in this country. I do not have to go to any statistics to ascertain that for I found it out with my own eyes.

Mr. McLAURIN. Mr. President, I wish to say that, according to this estimate, one-fourth of those produced in this country are shipped abroad—exported.

Mr. CLAPP. Now, Mr. President, to resume. When I referred to the analysis of our platform by the Senator, I referred to the analysis as he had stated it; namely, that this should be a revision downward. If he believes in that, it seems to me the proper thing for him and for other men who do believe in it, to act as much together upon that proposition as they can. We shall not, however, reach that end by constant efforts to put these various items on the free list. I propose to stay here, if necessary, all summer to get a reduction of this tariff; but there is no use of our wasting our time in making attempts to put matters upon the free list simply for the sake of getting a vote upon them, and I believe that we simply weaken our case when we attempt it.

Mr. BEVERIDGE. Mr. President, will the Senator from Minnesota permit me to interrupt him?

Mr. CLAPP. With pleasure.

Mr. BEVERIDGE. I merely wish to observe that, as I understand, both the House bill and the Senate bill, as reported, make a reduction upon these machines of 15 per cent. Is that correct?

Mr. CLAPP. Yes.

Mr. McLAURIN. No, sir; there is no reduction at all.

Mr. BEVERIDGE and Mr. CLAPP. Oh, yes.

Mr. McLAURIN. The House bill provides a duty of 30 per cent and the Senate bill provides a duty of 30 per cent.

Mr. CLAPP. But it is 45 per cent under the existing law.

Mr. McLAURIN. No; by the present law it is "(n. e.)"—I do not know what that means unless it is New England, or northeast, or something of that kind.

Mr. CLAPP. They would then come under section 195, which would make the duty 45 per cent. The Senate committee has reduced it; and where the committee does that, it does seem to me that we would make headway if we would all join together and go along on that line.

The VICE-PRESIDENT. The question is on the amendment offered by the Senator from Mississippi [Mr. McLAURIN], on which he has demanded the yeas and nays.

The yeas and nays were ordered and taken.

Mr. CLARK of Wyoming (after having voted in the negative). I notice that the Senator with whom I am paired, the

Senator from Missouri [Mr. STONE], is not present, and I therefore desire to withdraw my vote.

Mr. McCUMBER (after voting in the negative). I desire to ascertain whether the junior Senator from Louisiana [Mr. FOSTER] has voted.

The VICE-PRESIDENT. The Chair is informed that he has not.

Mr. McCUMBER. I have a general pair with that Senator, and I therefore withdraw my vote.

Mr. RICHARDSON. I wish to announce that I am paired on this question and on all questions connected with this bill with the Senator from Arkansas [Mr. CLARKE], and therefore am not at liberty to vote.

The result was announced—yeas 23, nays 53, as follows:

YEAS—23.

| | | | |
|-------------|----------------|----------|--------------|
| Bacon | Gore | Money | Smith, Md. |
| Bailey | Hughes | Newlands | Smith, S. C. |
| Chamberlain | Johnston, Ala. | Overman | Taliaferro |
| Culberson | La Follette | Paynter | Taylor |
| Fletcher | McLaurin | Rayner | Tillman |
| Frazier | Martin | Simmons | |

NAYS—53.

| | | | |
|-----------|------------|------------------|--------------|
| Aldrich | Clay | Gallinger | Perkins |
| Beveridge | Crane | Gamble | Piles |
| Borah | Crawford | Guggenheim | Root |
| Brandegge | Cullom | Hale | Scott |
| Briggs | Cummins | Heyburn | Smith, Mich. |
| Bristow | Curtis | Johnson, N. Dak. | Smoot |
| Brown | Dick | Jones | Stephenson |
| Bulkeley | Dillingham | Kean | Sutherland |
| Burkett | Dixon | Lodge | Warner |
| Burnham | Delliver | Nelson | Warren |
| Burrows | du Pont | Nixon | Wetmore |
| Burton | Elkins | Oliver | |
| Carter | Flint | Page | |
| Clapp | Frye | Penrose | |

NOT VOTING—15.

| | | | |
|-------------|--------------|----------|------------|
| Bankhead | Clarke, Ark. | Foster | Richardson |
| Bourne | Daniel | McCumber | Shively |
| Bradley | Davis | McEnery | Stone |
| Clark, Wyo. | Depew | Owen | |

So Mr. McLAURIN's amendment was rejected.

The VICE-PRESIDENT. Is there objection to agreeing to the paragraph?

Mr. NEWLANDS. Mr. President, I have an amendment to that paragraph. I move, on page 68, line 13, paragraph 194, that the word "twenty" be inserted instead of "thirty," making the duty 20 per cent instead of 30 per cent.

The VICE-PRESIDENT. The Senator from Nevada proposes an amendment, which the Secretary will report.

The SECRETARY. On page 68, line 13, before the words "per centum," strike out "thirty" and insert "twenty."

Mr. NEWLANDS. Mr. President, with reference to this amendment, I will state that I do not generally favor placing any of these articles upon the free list. I believe that almost everything should pay a fair duty. Hence, I should prefer a low duty upon these necessary articles to putting them upon the free list.

Mr. BEVERIDGE. Mr. President, will the Senator permit a question?

Mr. NEWLANDS. Yes.

Mr. BEVERIDGE. What evidence has the Senator that his duty of 20 per cent is any fairer than the duty fixed by the House and the committee—30 per cent—which is a 15 per cent reduction from the present law? If he can give any facts or reasons why it is any fairer, it will enlighten us somewhat.

Mr. NEWLANDS. Mr. President, I am proceeding upon my general rule, which, in the absence of evidence to the contrary, usually governs me. That is, that upon articles which may be regarded as necessities, such as sewing machines and other articles covered by this paragraph, there should be no higher duty than from 20 to 30 per cent.

Mr. BEVERIDGE. This is 30 per cent.

Mr. NEWLANDS. Very well; but I think this is one upon which the duty should be 20 per cent, and I believe that upon articles regarded as luxuries there should be no duty in excess of 50 per cent.

I have therefore moved that this particular duty be reduced from 30 to 20 per cent, and I will ask for the yeas and nays on the amendment.

Mr. BAILEY. Mr. President, something like three weeks ago I observed what I then believed was an effort to neutralize the effect on the Republican party of the dissensions within it over this tariff question, by creating in the public mind a belief that equal or even greater dissensions exist within the Democratic party over the same question. I have watched with close attention the development of that plan of campaign, and I am now fully convinced that it was deliberately and systematically inaugurated to obscure the differences on that side

of the Chamber by exaggerating and even misrepresenting the differences on this side.

I do not say that the Senators here are responsible for it, because I am inclined to believe they are not; and it may have originated without any general understanding, and was taken up because it afforded Republican editors such an inviting opportunity to escape the injury which their party seemed doomed to suffer from its divisions. But however that may be, it has progressed until it is now almost universal among Republican newspapers and Republican leaders outside of Congress; and I am persuaded that the only hope which these partisans now indulge of escaping the consequences of their own division is through making the country believe there are still more serious divisions among us. I am the more persuaded to that belief because in all of these misrepresentations concerning the differences on this side there seems to be a studied absence of any allusion to the differences on that side.

Mr. HALE. Mr. President, will the Senator yield for a question?

Mr. BAILEY. Certainly.

Mr. HALE. I am a little at a loss to find what is the complaint of the Senator from Texas.

Mr. BAILEY. It is not against the Senator from Maine, because I will do him the justice to say he does not do by indirect methods the things as to which I am about to make complaint.

Mr. HALE. Exonerating me, Mr. President, does not resolve the doubt that I have as to what is the real ground of the Senator's complaint. The divisions—I will use that word—which have been shown in debate and in votes, upon this side and upon that, are not such divisions as are created by conspiracy or by newspaper comment. They are divisions that, to my mind, are in a certain way fundamental.

Mr. BAILEY. The Senator from Maine misapprehends what I am about to say. I am neither attempting to explain nor to complain about differences. I am about to call the attention of the Senate and the country to a studied and systematic effort to exaggerate the differences that do exist, and to pretend that differences exist which do not exist.

Mr. HALE. Did the Senator ever know, in his large experience in both branches of Congress, an occasion where there were divisions, and almost revolts and insubordination in his party, and, if I may use the same terms, in our party, where everything of that kind has not been exaggerated by the press? There has been a studied purpose on the part of the press, and is to-day, to give prominence to such matters. There is something picturesque, Mr. President, in the idea of insubordination and revolt and dissension on the Democratic side; and it is equally so on the Republican side.

The Senator will never see the day when such things will not be taken up by the press and exaggerated.

In a day's debate here, if there is a symptom or an appearance of dissent from the common party action upon the Senator's side of the Chamber on various articles in the schedules involving action by the party and dissent from it, an earnest discussion between the Senator from Louisiana and the Senator from Mississippi, or between another Senator and another Senator, at once the newspapers make that the feature of the day. The same thing is true if there is on this side, Mr. President, a serious discussion involving the general attitude of the party in favor of protection.

It is my belief and expectation that this bill will ultimately emerge as a strong protection measure; there will be reductions, but the final outcome of the bill will not be an abandonment of the doctrine of protection. Almost everybody on this side believes in that. Very few men go beyond that. But if in the course of the discussion a Senator upon this side of the Chamber—I need not enumerate, I need not call names—expresses a contrary opinion upon a schedule, and he has an issue with the chairman of the committee or with other members of the committee or with other Members of the body, the whole force and the whole display of newspaper comment will be upon that feature and will exaggerate it.

The Senator never will see the day when that will not be the fact. This, which we may call "revolt" or this dissent from the general position of the party by new men or by old men, will always be taken up by the newspapers, and will be the main feature of their comment, because it is picturesque.

I do not think the Senator ought to say, because of that, that there is a widespread conspiracy anywhere to exaggerate these differences. In the end no serious rift will appear. When the Senator from Mississippi, who is a Simon-pure, old-fashioned free trader—as near as the climate will permit—introduces, and instead of being remorseful says that he is proud of it, a Simon-

pure free-trade proposition, he will find nearly everybody on that side voting with him; and he will find, as the last vote disclosed, almost every Republican voting against him. This shows that at the bottom there are the old lines of difference between protection—for which this bill will stand when it goes through, I predict—and the Simon-pure doctrine of free trade, or the evasion of that, the doctrine of tariff for revenue only, the latter will get most of the votes upon the other side.

But, Mr. President, in some schedules, on some important features of this bill, there will be a rift, and men on this side, honest in their expression and belief, will not follow the committee.

Mr. McLAURIN. Mr. President, will the Senator allow me to interrupt him for one moment?

Mr. HALE. Certainly.

Mr. McLAURIN. Mr. President, there is no difference on the strict words of a tariff for revenue between the Senator's party and me. I am for a tariff for revenue for the Government only. The Senator's party is for a tariff for revenue for the manufacturer; and we just differ on that.

Mr. BACON. I wish to inquire, if I should now interrupt the Senator from Mississippi, who would have the floor?

The VICE-PRESIDENT. The Senator from Texas has the floor, and he yielded it temporarily to the Senator from Maine.

Mr. HALE. I am speaking temporarily by the indulgence of the Senator from Texas, who is always indulgent and generous in conducting debate. I was saying—

Mr. BACON. I will say to the Senator, by way of apology, that I thought interruptions ought to be limited as amendments are—not to go beyond the second degree.

Mr. HALE. When the Senator from Texas calls me to order, and says I am unduly trespassing on his patience and on the patience and endurance of the Senate, I will drop into my seat at once.

Mr. McLAURIN. In answer to what the Senator from Georgia says, I merely desire to say that the Republican party and I are both for a tariff for revenue—I for a tariff for revenue for the Government, and that party for a tariff for revenue for the manufacturers first and the Government incidentally.

Mr. HALE. Mr. President, I was saying, or attempting to say, that upon important schedules in this bill there will be found on this side those who really believe an improvement can be made, and who, perhaps, exaggerate the constant cry of revision downward, which never was put into the Republican platform; but I do not question the sincerity of those Senators. I do not say it is conspiracy on their part, or on the part of anybody, except, possibly, the newspapers, to exaggerate their position.

Now, when we come to the Senator's side, there will be schedules—I could name them, although we have not reached them, with the ken of a prophet—where Senators upon the other side will take a view opposed to the general run of their party and the old-fashioned principles of the party. But they will be serious. It will be upon matters affecting them and their constituents, and I have not been one of those, as Senators will bear me out, who have engaged in taunting the other side with being inconsistent. I do not deem them inconsistent. All of the tariff schedules have to be taken together, and there will be instances time and again when there will be these defections from the general line pursued by the party. There is no conspiracy, there is no disposition to exaggerate this, except, as I have said, that any Senator who takes a position which itself is a kind of picturesque attitude, attracts the attention of the newspapers.

I am not a prophet nor the son of a prophet, but I predict that when we get through, as we shall, and the final upshot is the question of the passage of this bill, which will be found to have many reasonable and suitable reductions of tariff duty, but which will be broad and large as every such measure passed by a Republican Congress has been, a thoroughgoing protection bill, and a vote is taken, these divisions, which the Senator fears are being exaggerated, will disappear, and a pretty nearly united vote will be found upon one side of this Chamber for the bill as finally reported, and a pretty nearly united vote will be found upon the other side against it, and the two parties will go into the forum of public observation and scrutiny and decision upon the bill as passed—for and against.

While I know the philosophic mind of the Senator from Texas, and that he does not live in the realm of mares' nests and does not discover or believe he discovers generally what has no real existence, I think his apprehension on this score of exaggeration of the difference has not the usual merit or weight that things presented by him do have. I am not in any way fearful of that.

Mr. BAILEY. Mr. President, when I conclude I think the Senator from Maine will change his opinion. I think also, however, that what the Senator from Maine has said about the final attitude of the parties and the final judgment of the country has been well and accurately said. But I am now undertaking to call the attention of the Senate to certain facts, and I candidly say I am more interested in calling the attention of the country to them than I am in calling the attention of the Senate to them, because I believe this trouble exists outside of the Senate and not inside.

Now and then some Republican Senator, with more flippancy than sincerity, talks about our inconsistency. But no Senator here, at least no Senator who ought to be here, believes it. They all perfectly understand that the attitude of the Democratic party to-day upon the tariff question is probably more nearly one, both as to sentiment and as to action, than ever before in the history of this country.

Mr. President, when the Walker tariff bill was pending in this body it passed to its third reading by the vote of the Vice-President, who indicated from his high place that if he were a Senator from Pennsylvania representing that smaller constituency, he would vote "nay," but as the Vice-President of the United States and speaking for the larger constituency, he voted "yea."

And these divisions which have existed time out of mind upon these questions are not new. It is a matter of some satisfaction to me to believe that the Democratic party is to-day more nearly united than ever before in its history, both in its sentiment and, as it will appear finally, in its vote.

I am not one of those sensitive and delicate souls that complain every time our political adversaries attempt to save themselves by attacking us, and I could easily understand this exaggeration and misrepresentation concerning the votes and the attitude of the Democratic party if it were confined to Republican newspapers, for although I do not believe it defensible even for Republicans to misrepresent Democrats, it has been so usual for them to do so that I have become accustomed to it. But those misrepresentations the country will appraise at their proper value and for them intelligent men, at least, will allow a proper discount.

But some of the people now engaged in this propaganda of misrepresentation and exaggeration can not offer a partisan excuse. This morning's Washington Post prints what apparently is a statement given out on behalf of a distinguished gentleman who was once a candidate for the presidential nomination of the Democratic party, and who, if all signs are not at fault, intends again to become a candidate for that nomination. This article appears under a New York date line, and proceeds to say that Governor Johnson is of the opinion that the Democratic Senators who have betrayed their constituencies will not be able to lead their constituencies so far astray as the Senators themselves have gone. I know how unreliable these newspaper reports are, and what I say is said only upon the assumption that this correctly represents the view of Governor Johnson. If it does, he could spend his time more profitably at home studying the tariff question than in thus early seeking the favor of Democratic voters in the several States.

More than that, Mr. President, if this interview or statement was either given out or authorized or sanctioned by Governor Johnson, he shows himself so utterly reckless of the truth as to disqualify him for high service in any station. Assuming a great division among the Democrats in the Senate, he attempts to explain it, and his explanation is that the railroads of the South have interested themselves in this legislation, and that they have overcome the conscience and the principles of some Democratic Senators. Governor Johnson owes it to himself, to the Democratic party, to the cause of candor, and, I might well say, to the cause of truth to specify those whose votes and whose speeches furnished him a predicate for that slander upon the Democrats of the Senate. Instead, sir, of swelling this volume of misrepresentation and exaggeration, if he is worthy to wear the honors of the Democratic party and to receive its nomination, he would not publish an unfounded imputation upon the honor and fidelity of Democratic Senators who are striving faithfully and honestly to do their duty by their party and their country. I challenge Governor Johnson, and I challenge the smaller politicians who will repeat his calumny, to show by the record where any Democrat in the Senate has cast a vote that will give the semblance of countenance to the charge which he has made.

Strangely enough, in this same morning paper that printed this grossly unjust attack of Governor Johnson there is printed another article from the New York Tribune. I have no reproach for the New York Tribune, because I have never expected

fair treatment for the Democratic party or for Democratic Senators at its hands. It takes as the text of its sermon to Democrats the vote on iron ore, and it complains against us because we would not vote to give the steel manufacturers of this country their raw material free of duty.

There was a time, Mr. President, when the Democrats of the United States labored under that kind of a hallucination, but, happily, that time has passed, and never again can any man speaking in the name and on behalf of the Democratic party advocate the fatal and foolish policy of giving the manufacturers of the United States their raw materials without a tax while still leaving a tax on their finished product.

When the Democratic party was seduced into the belief that it could bribe New England with this kind of a tariff doctrine, they did propose to put iron and wool and many other articles on the free list, and great apostles of Democracy invaded the precincts of New England banquet halls and sought to persuade the manufacturers assembled there from their Republican allegiance by promising them greater favors than the Republican party had accorded them. They stood there and declared that though the Republican party gave them a tariff on their finished product, it charged them a tax on their raw material, while the Democratic party proposed to take all the duty off their raw material and still leave them a duty on their finished product sufficient to command the American market. But you can call the roll of this Senate, and the Senators who taught that doctrine are no longer here. The Democratic party repudiated that heresy, as it was bound to do under the teachings and traditions of our Democratic fathers.

The gravest criticism which Robert J. Walker, in his famous report on the tariff question, made against the Whig tariff act of 1842 was that it laid a higher rate of duty on the manufacturers' finished product than it did on the raw material out of which it was made; and yet men who profess adherence to the opinions and doctrines of Robert J. Walker affront our intelligence and our sense of justice by demanding that we give the manufacturer his raw material without any tax, and still leave him to tax the American people on his finished product.

I desire to incorporate into the Record the New York Tribune's complaint, which reads thus:

The Republican party is not committed unconditionally to the policy of free raw materials.

That is true. The Republican party is not committed unconditionally to deal with the tariff according to any fixed or settled principle, and it amuses me immensely to hear some Republican Senators, when they make a reduction of 5 per cent, rise up and in an unctuous manner declare that "we are making progress," because half the time that reduction is made on some material which the manufacturer wants to import. It is no relief to the American consumer at all, but a benefaction to the American manufacturer; and that is precisely the kind of a favor which we refused to bestow on the steel trust and about which the New York Tribune complains:

The Republican party is not committed unconditionally to the policy of free raw materials. With Republicans their admission free is entirely a matter of expediency. If they can be admitted without harm to domestic industry and are needed to supply the wants of domestic manufacturers, sound protection policy justifies their admission. Under protective tariffs hides have been admitted free, and it is believed by a great majority of protectionists that they should be put again on the free list. It is the same with coal and iron ore.

Mark you, "it is believed by a great majority of protectionists." Do you know why they want to take the duty off the manufacturer's raw material? So that they can make a deeper cut on the manufacturer's finished product and still leave the manufacturer the old profit. That is exactly it. The consistent Republicans are the Republicans who believe in protection for everybody, the producer of the raw material as well as the manufacturer of the finished product. The consistent Democrat is the Democrat who does not believe in protection for anybody, but who believes that every man who imports an article that will yield a revenue ought to be compelled to pay for the privilege of importing it. Between these two party creeds stands a faction of each party. There are some Democrats who believe in the doctrine of free raw material, and there are some Republicans who believe in it if it suits their purpose.

That I have not misinterpreted this criticism against us I want to make still more apparent by reading a passage from a paper that calls itself "The Dallas Morning News," published at Dallas, Tex. It does not pretend to be a Democratic paper. I believe it sometimes calls itself an "independent Democratic paper," but my experience has always been that an independent Republican in the North is one who votes the Democratic ticket, and an independent Democrat in the South is one who generally sympathizes with the Republican party.

This paper calls itself an independent Democratic paper, and here is its explanation as to how the vote of Democratic Senators against giving the steel trust its raw material free fell like a pall upon the pious souls of tariff reformers. Listen:

The result of this wholesale desertion of Democrats over to the Aldrich standard on this particular rate has had a disheartening effect on the tariff reformers, as the placing of iron ore on the free list was the basis for the cuts which the Payne bill made in the products of the steel trust.

In other words, they did not intend to take anything from the steel trust. The scheme was to reduce its cost of production and leave its profits undiminished.

Mr. President, we might just as well have this matter understood here and now. I speak for nobody but myself. I am not authorized to speak for anybody but myself. But never will I give the steel manufacturer his raw material free until I can take the tariff from the finished products of his mill. Never will I vote to give the shoe manufacturer free hides until I can take the tariff from his shoes. Never will I vote to give the woolen manufacturer free wool until I can take the duty from the woolen clothes he makes. I will vote to give a manufacturer the raw material which he buys free of all taxes when the revenue necessities of the Government will permit us to emancipate his finished products from tariff duties; but not until then.

For instance, take the duty on ore. It is 25 cents per ton, or less than 10 per cent ad valorem. Will anybody say that is protective? Take the duty on hides, and they complain that some of us favor that; it is 15 per cent, and a large quantity of hides that Congress intended should pay a duty has been admitted free by a ruling of the Treasury Department. The law allowed a calf's hide to come in, and the wise men of the Treasury Department proceeded to rule that a hide was a calf's hide until it weighed over 25 pounds. Except for that ruling of the Treasury Department, the duties on hides would to-day be fetching the Treasury more than \$3,500,000. Of that sum, it is true, they disburse something like \$1,000,000 in drawbacks.

In 1907 the Government, even under this misconception, as I believe, of the Treasury Department, collected more than \$3,100,000 in duties on hides, and paid back something like \$900,000 in drawbacks, leaving a net revenue of more than \$2,000,000. Yet men say that because I vote for a 15 per cent duty, which yields more than \$2,000,000 to the Public Treasury, I am betraying the Democratic party!

Mr. President, under the Walker tariff law, which is generally accepted by Democrats as an ideal expression of their views and principles, the average duty never fell below 24 per cent.

I have sometimes seen it stated as low as 19 and 20, but if you will examine the book issued by the Government, you will find that under that law the average duties never rose above 27 per cent and never fell below 24 per cent. Yet they say that I violate the doctrine of the Democratic party because I vote for a duty 50 per cent lower than the average duty of an ideal Democratic tariff law.

The men who talk that way, Mr. President, are either ignorant or vicious. A man can say it is wrong, and I will debate the merits of it, but when a man tells me it is un-Democratic to vote for a duty of 15 per cent that will raise a revenue of \$2,000,000 I will not vex my civil disposition by arguing that question with him.

The Democratic view, as I understand it, is this: Recognizing the necessity of collecting a large sum of money through the custom-houses to support the Government, we will vote to levy a duty on any article that will raise revenue, and the only exception we make to this rule is in favor of those articles of common and daily use which all men must buy.

I voted for the amendment of the Senator from Mississippi [Mr. McLAURIN] to put all farming implements and mechanics' tools on the free list, and I never cast a vote in my life that accorded better with my judgment and my conscience. If you ask me if they are a necessary of life, I answer that a man must have tools to do his work, and I answer further that tools are so necessary that the statutes of every State in this Union exempt them from execution sale.

The very States represented by Senators who voted against taking the tax from them will not allow a creditor to take a mechanic's tools on execution in payment of an honest debt. You deem it so important, and you wisely deem it so, that the mechanic shall have the tools with which to earn a living for himself and family that you deny the sheriff, armed with the writ of the State, the right to enter upon his premises and take his tools. You count them sacred, even against all honest obligations. And yet, while you will not permit an honest creditor to take them in satisfaction of a debt, you refuse to let him buy them free of tax.

If you want another illustration, I will vote for a tax on tea, but not for a tax on coffee. A tax on coffee would raise a round sum in revenue, but it is an article of universal use. It gives comfort and strength to the poor as they go about their daily toil and refreshes them when they come from it at nightfall; and as a concession to the hard circumstances of such men I refuse to tax it. On the other hand, I will cheerfully vote for a duty on tea because, as I understand it, the people who consume tea are well able to pay a moderate tax on it.

I might detain the Senate with other illustrations, but these are sufficient. Let no man charge us with the advocacy of protection until we vote for a duty that shall at least rise above the average duties of the Walker tariff law. As long as we vote only for moderate duties, never exceeding 20 or 25 per cent, it is an outrage upon truth and justice and decency for men to assail us and pretend to think that we have abandoned our principles.

To Senators who think it a Democratic virtue to proclaim that they are free traders, I put this question: Suppose we should come into power at the next election. Suppose that a great change in public sentiment would elevate our candidate to the Presidency, return a majority to the House of Representatives, and give us control of this body. Does any man imagine that we could keep a free-trade pledge? No, sir. Obligated by the necessities of the Government, as we would be, to raise a vast sum of money, we would be compelled to resort to collections through the custom-houses, and I warn Democrats who allow their imagination and their emotion to take possession of their judgment against the wrath of that day when we come into power and are unable to fulfill the rash promises which they make to the people.

We can never administer this Government and defray its legitimate expenses without a tariff duty, and we will be fortunate indeed if we ever see the hour again when we can lay a tariff whose rates will not average more than 25 per cent. Between the lower rates, like 12, 15, and 20 per cent, upon the articles of common necessity and the higher rates of 50, 80, and even 100 per cent upon articles of luxury, the Democratic party will make, as it has always made, its selection; but it is an Utopian dream for any man to suppose that, clothed with power in every department of the Government, we could ever give the people of this country the blessings of free trade or could ever enact a tariff law whose rates would fall below the average of 25 per cent.

My attention has just been called to another case, and, as it mentions my name, I think I ought to incorporate it in the RECORD. The *Courier-Journal* of May 17—these things would be more persuasive to me if they came from sources that have always been loyal in their support of the Democratic party and its candidates—published an editorial paragraph that runs this way:

Senator BAILEY, demanding that the magnates of the steel trust—

And, by the way, that is what excited the ire of some of these papers like the *Chicago Tribune*. It was my suggestion of putting men in jail that provoked them to write the editorial which they did and by which I feel greatly complimented. My rule in this world is to esteem the censure of some men as high a tribute as the praise of other men. I go by the rule of contraries with papers like the *New York Tribune* and the *Chicago Tribune*; the worse they say of me the better I like myself.

The *Courier-Journal* says:

Senator BAILEY, demanding that the magnates of the steel trust be put in jail, votes to put them in palaces by voting for a tariff on iron ore and against the old Democratic doctrine of free raw materials.

The old Democratic doctrine of free raw materials! How old? Old enough, thank God, to have perished before this day; and yet not so old as that it ever received the indorsement of the Democratic fathers. It was, in a season of madness and folly, proclaimed as a Democrat doctrine; but it has long since been rejected as a Democratic heresy.

Mr. SMITH of Maryland. Mr. President, I wish to say that upon general principles I agree entirely with the Senator from Texas [Mr. BAILEY]. He spoke in regard to free iron ore. I voted for free iron ore, and I have no apology to make for casting my vote that way. My idea in voting for free iron ore was not in any way to help the steel manufacturers, because, in fact, when you take the steel manufacturers or those who manufacture the largest proportion of the steel product of this country, they are opposed to free iron ore. They are opposed to it because they themselves control the iron ore. They control 85 per cent of the free iron ore of this country. Hence they want a duty in order that the independent steel manufacturers may be

put at a disadvantage. I voted for free iron ore because I wanted competition, and I believed that in voting for free iron ore I would help, if I were successful in securing free iron ore, to bring about a competition which would not benefit the United States Steel Company.

The steel manufacturers east of the Allegheny Mountains are at a very great disadvantage compared with those west of the Allegheny Mountains, because they can not get their ore except at an increased price—I understand at about \$1.60 a ton. My object in voting for free iron ore was that these independent manufacturers might be able to get the ore from which they make their steel products, in order to compete with the United States Steel Company, which owns or controls 85 per cent of the iron ore of this country.

I do not make these remarks in the way of apology, but in order to give my views as to why there should be free iron ore in order to stop to an extent a monopoly.

Mr. BAILEY. Mr. President, I had no thought of suggesting that the Senator from Maryland was influenced in casting his vote by a desire to benefit the steel trust, and I was in private conversation advised of his view; but that view is not comprehensive enough. The trouble with it is, that when two corporations are engaged in competition against each other, it requires us to sacrifice our principle to aid one of those corporations in its contest with the other. That system of dealing with the tariff, carried to its logical conclusion, would not only lead us to abandon the only effective method of dealing with the trusts, but would reduce our tariff legislation to other than revenue purposes. That can never succeed. Because this corporation is engaged in a competition with that corporation is no reason why we should give either corporation its raw material free of duty. If the corporations really compete against each other, that is a benefit to the American people, and we ought not to discourage it by giving to the one or to the other a favor which might determine the supremacy between them.

I said the other day, and I say now, that the only effective and sovereign remedy for the trust evil is to be found in the criminal courts of this Republic. We must lay our taxes for revenue to support the Government and then we must resolutely set ourselves to the task of putting into the common jail the men who will not obey our antitrust laws. I decline to consider the tariff, not as a question of taxation, but as a means of regulating contests between different corporations.

But, Mr. President, I did not rise to make that explanation. I only rose to emphasize the fact that at last the difference between the Senator from Maryland and the Senator from Texas is a difference over a question of fact and not over a question of principle. The Senator from Maryland believed that he was serving a useful purpose when he voted for free iron ore; and I freely say that the 8 or 9 Democratic Senators who voted with him believed the same way; but I just as confidently assert that the 16 Democratic Senators with whom I voted were actuated by a principle as high as ever governed men. Our view was that all corporations ought to be compelled to pay their taxes share and share alike, and if one corporation obeys the law and the other does not, to put the officers of the offending corporation in jail and let the contest between honest, law-abiding competitors proceed.

Mr. SMITH of Maryland. Mr. President, I have no disposition whatever to criticize any Democrat who voted for a duty on iron ore, but there is a semblance of competition in regard to steel manufactures in this country. There is no question in my mind but that the United States Steel Company and those west of the Allegheny Mountains did want a duty on iron ore; and there is no question but what the independent manufacturers did not want a duty on iron ore.

Mr. BAILEY. Will the Senator permit me to interrupt him?

Mr. SMITH of Maryland. Certainly.

Mr. BAILEY. The Senator perfectly understands that no corporation or no manufacturer wants a duty on his raw material.

Mr. SMITH of Maryland. It is a fact that they did want a duty on this because they do not buy any iron ore, but they have their own iron ore, and it is to their interest for their competitors to pay as high a price as can be obtained for it.

Mr. BAILEY. If the Senator will pardon me, that argument can be reduced to an absurdity in this way, that whether they do not buy or whether they do buy, there is one thing certain, they do not sell the iron ore.

Mr. SMITH of Maryland. No; they sell the manufactured product.

Mr. BAILEY. They sell the manufactured product.

Mr. SMITH of Maryland. I agree with that.

Mr. BAILEY. So, if you have no tax on iron ore, there is no tax on that which they do not sell.

Mr. SMITH of Maryland. They did want a duty on iron ore, and I know it.

Mr. BAILEY. Mr. President, they felt more at liberty to talk with the Senator from Maryland about it than they did to me.

Mr. SMITH of Maryland. Possibly they did, but such, nevertheless, is the case. It was to their interest in order that their competitors might not have an equal advantage with them. As to the revenue on iron ore, it is so small that the advantages accruing from free iron ore in this country are more than met by the advantages of the shippers of the product in this country in having vessels coming in here laden instead of coming in here light to transport their product.

Mr. BAILEY. There is the real basis of the opinion of the Senator from Maryland. It is to give certain Atlantic ports an advantage of certain trade by the remission of certain duties. I do not complain that that is true, because it is only a part of the general line of argument which led the Senator from Maryland and others representing Atlantic seaboard States to try to equalize the seaboard and the interior by the abolition of those duties. Now, Mr. President—

Mr. SMITH of Maryland. Go ahead, sir.

Mr. BAILEY. I thought the Senator was through.

Mr. SMITH of Maryland. I am not.

Mr. BAILEY. I beg the Senator's pardon. I thought he had resumed his seat.

Mr. SMITH of Maryland. I have not.

Mr. BAILEY. I will wait until the Senator does so.

Mr. SMITH of Maryland. I want to say with regard to the advantage which would be given to the Atlantic coast in the export of their commodities, that that certainly would not intimidate me into voting for it. At the same time that, in connection with the fact that it was creating a competition between the independent steel manufacturers of this country and the United States Steel Company, who own the iron ore of this country, induced me to vote for free iron ore.

Mr. TILLMAN. Will the Senator, before he takes his seat, answer me a question?

Mr. SMITH of Maryland. If I can.

Mr. TILLMAN. He stated a moment ago that he did know that the steel trust wanted a duty on iron ore. Will he give us the source of his information?

Mr. SMITH of Maryland. Well, I do not know that I care to give the source, but I have it. I was called upon in regard to the matter, and urged to vote for a duty on iron ore by people representing the United States Steel Company or some of their subsidiary factories.

Mr. TILLMAN. Does the Senator know that there is a single independent steel manufacturer?

Mr. SMITH of Maryland. I think so. I do not know.

Mr. TILLMAN. I will read again something I read in the Senate some days ago. It is the testimony of Mr. Carnegie, who ought to know something about steel. He has filled his pocket with hundreds of millions of dollars taken from the pockets of the consumers by act of Congress under the leadership of our friends on this side of the Chamber.

Mr. BAILEY. Not this side.

Mr. TILLMAN. I am pointing right to the side over there—the Republican side of the Chamber.

Mr. BAILEY. But the trouble of it is the RECORD does not show which way your finger points.

Mr. TILLMAN. All right. I thank the Senator for keeping me from making a mistake. Here is what Mr. Carnegie says:

That is the same gentleman who told you he had no agreement with other steel companies; that he could sell where he pleased, to whom he pleased, and as much as he pleased. Well, Mr. Chairman, if you had asked him if he had not a sort of understanding, which had the same result as the agreement, he would have had to tell you that he had; and I do not like witnesses to talk in a double sense. We have not only to tell the truth, but we have to tell the whole truth, and I tell it.

Mr. Carnegie says that they are under the direction and control and have an agreement with each other, and the steel trust compels them, in a way, to sell at certain prices, which it fixes. I do not want any controversy with the Senator from Maryland. I give him full credit for doing what he believes to be his duty in trying to give some so-called "independent steel manufacturers" down in Baltimore free ore. I have no fault to find with him for voting that way; but, as I voted the other way, I do not want anybody to assail me or impugn my motives as undertaking to bolster up the steel trust, because the Senate has been told—

Mr. SMITH of Maryland. I will say to the Senator from South Carolina that I said that I did not criticise his vote or any other man's vote.

Mr. TILLMAN. I was rather trying to get after these so-called "Democratic" papers at Louisville, Ky., and Dallas, Tex., which are undertaking to say that the Democratic party is split wide open. When this iniquitous bill, which our friend from Rhode Island [Mr. ALDRICH] is trying to engineer through, and will succeed in doing—let us round up and show the country that we are Democrats still.

Mr. SMITH of Maryland. I am not responsible for the papers of this country, either Republican or Democratic; but I am responsible for my vote.

Mr. BAILEY. Mr. President, there is only one thing I want to say in reply to the suggestion which the Senator from Maryland has made, and that is, that whenever we consent to waive our principles, which require all of the manufacturer's raw material to pay a duty, in order that we may help one corporation as against another corporation, we generally find that we have been victimized by precisely the conditions the Senator from South Carolina now lays before the Senate upon the sworn testimony of Mr. Carnegie. Mr. Carnegie perhaps knows more about the condition of the steel industry in the United States than any other one man; and he tells the Ways and Means Committee that, after all, there is an understanding between the so-called "competing companies" that makes real competition impossible. If that is true, and that it is true I have no doubt, then the only effect of taking the duty off of iron ore was to violate our general principle against untaxed raw material for the sole and only purpose, or rather, I will say, with the sole and only effect of aiding a combination that is part of a colossal conspiracy against the commerce of the United States.

Mr. OVERMAN. Mr. President, do I understand the Senator to say that we voted for it with that as "the sole and only purpose?"

Mr. BAILEY. No.

Mr. OVERMAN. I understood the Senator to say that; but he then withdrew it and said "the sole and only effect." We want to get in no party division here. I will not answer the Senator, but I do want to understand what he did say. I hope he did not say that.

Mr. BAILEY. If the Senator from North Carolina had been attending closely, he would have perceived that I at once saw the impropriety of phrasing it in that way, because the purpose with which you do a thing and the effect of having done it are sometimes as wide apart as the poles. I have seen the most honest of men produce a bad effect; but I never knew an honest man to do a thing with a bad purpose; and before I concluded the sentence I saw that it was not a correct expression and withdrew it, or, rather, I corrected it.

I pass that, however, as a mere difference among Democrats over a question of fact, and in saying that I am but repeating what I have already said.

I want for one moment to call the attention of the Senate to another argument that assails us at every point: Every time a man wants a thing done he tells us that the trusts do not want it done, and every time he does not want a thing done he tells us that the trusts do want it done. Two excellent gentlemen spent an hour with me the other day trying to convince me that the Standard Oil Company wants free oil. I am going to vote to put oil and all the products of it on the free list—and, by the way, our Republican friends must not forget that the State which I in part represent is now one of our largest oil-producing States—but no oil is imported, and therefore a duty on it will not bring any revenue to the Treasury, and its only effect is to increase its price to the people of the United States who must use it for light and heat.

So it is, Mr. President, from day to day and from schedule to schedule, these arguments are pressed upon us—sometimes honestly and always with some effect—but I have one answer to every argument of that kind. I shall vote to levy taxes with a view to revenue and to justice and I shall vote for laws with teeth in them to send the men who conspire against the commercial peace and commercial competition in these United States to prison for that offense.

We must separate the one from the other, and then, when they tell us that a trust wants a thing done, call them before the grand jury and make them tell where that trust is located, for if it be a trust, we have a law condemning it; and we have men who have taken an oath to execute that law. So it is easy enough to solve questions of that kind if only we enforce the law.

I want to say this, Mr. President, and then I have said all I intend to say this afternoon about it: I can take the office of the Attorney-General of the United States to-morrow, and, if they will let me select my assistants, I can break up every unlawful combination in the United States in the next two years.

All you need to do is to prosecute and convict one or two of them, and that will be the end of it. When I say I can do it I do not assume to be a better lawyer or so good a lawyer as the gentleman who occupies that high position. I have had very little experience with the prosecution of criminal cases, but I have no doubt that those laws can be enforced. Neither have I any doubt that the sensible thing for us to do is to enforce the laws that we have instead of continually making more laws.

If any man doubts the justice of my criticism, I only need to remind him that in all the proceedings of this Federal Government against the men who have violated our antitrust laws the action has been against the corporation, and not against the individuals. The same facts that would convict the corporation, and sentence it to pay a fine, will convict the officers of the corporation and sentence them to prison. A corporation can not act except through its authorized agents and officials; and whenever a corporation commits a crime, it commits it through the act of some authorized agent or official. Therefore it is as plain as the day that if, instead of prosecuting the corporation and sentencing it to pay a fine, you will prosecute the officer, you can send him to prison, and if you will do that, in a little while they will not be able to find men with respectability enough that they are willing to trust them, who will accept their offices and violate the laws of this Republic.

Only the other day—and perhaps we ought not to comment on it here, and I will not comment by name or by specification, but I will allude to the circumstances—within the last ten days, in one of the southern towns, eminently respectable and prosperous men have been found guilty of a violation of our antitrust laws, and two of them have been sentenced to serve a term in the common jail. I am willing to go on record here and now that that action will dissolve that trust. It is the same with all men who violate the law. Suppose you would merely fine a man who stole money, how long do you think it would take you to suppress the crime of theft? Suppose that you allowed a man who stole a million dollars to pay a fine of \$100,000. The honest man would not be tempted to steal by that premium on theft, but every scoundrel in the country would be looking for an opportunity to steal something if he could acquit himself to the majesty of law by surrendering to the State a part of what he had stolen.

Yet that is exactly the premium that you are to-day putting upon the violation of your antitrust laws. You tell these men to go on and violate the law and that, if they are caught, you will only take from them a part of what they have first taken from the people, and if you happen to take a little more than they have already taken from the people, they soon supply the deficiency by taking still further sums from the helpless victims your law subjects to their avarice. But instead of taking their money, take their liberty; and my word for it, Mr. President, we shall hear no more in the Senate Chamber of the United States about remitting taxes to rich and prosperous people in order to help them sustain themselves in competition against other rich and prosperous people.

Mr. RAYNER. Mr. President, I have only a few words to say; and I do not intend to make any speech.

I agree with the Senator from Texas [Mr. BAILEY] in some things that he has said, and I disagree with him in other things that he has said. I agree with him on his general propositions of party policy. I disagree with him as to the facts of this particular case. And that is a question upon which each one of us must form his own opinion.

I voted for free iron ore, and I will vote for it again and again; and I do not regret my vote. On the contrary, I am glad that I voted that way. I voted for it for this reason and for this motive, and for no other motive: I thought it was a move in the direction of breaking down the United States Steel Corporation, which, in my judgment, is one of the greatest monopolies in the United States. I may be wrong, and the Senator may be right; but that was my motive in voting for it. I believed when I voted for free iron ore that the United States Steel Corporation owned about 85 per cent of the raw material in the United States. If the United States Steel Corporation was not in control of the raw material, the argument of the Senator might be logical. I assert that the raw material is practically controlled by the United States Steel Corporation. I apprehend that every one of us who, from honest motives—just in the same way that those who voted the other way voted from honest motives—voted to put iron on the free list, did so in order to break down this great monopoly that is dominating the American market.

Mr. President, I want to say this to the Senator from Texas: I think the proposition that he has stated is a very important one. I agree with him upon the general proposition which he states in reference to the policy of the party in connection with

raw materials. I think it would be perfectly ridiculous for us to stand here and vote for raw materials for the benefit of the manufacturer, and then keep up the duty on the manufactured product. I do not think there is a Democrat here that will dissent from the views of the Senator from Texas on this branch of the question. I want to read just a few lines from the platform of the Democratic party at the time Mr. Cleveland was nominated, that sustain the general proposition of the Senator from Texas:

We denounce the McKinley tariff law enacted by the Fifty-first Congress as the culminating atrocity of class legislation; we indorse the efforts made by the Democrats of the present Congress to modify its most oppressive features in the direction of free raw materials.

But it did not stop there. It went on to say:

And cheaper manufactured goods.

In other words, when you give your manufacturer his raw materials free, take off the compensating duty upon the manufactured product. When you give him free iron ore, lower the duty upon the manufactured products of iron. When you give the woolen manufacturers of New England free wool, lower the duty upon manufactured woolen goods. When you give them free hides, if you can, lower the duty upon leather and shoes and all the products of free hides.

That does not mean for a moment that I am not in favor of voting for free raw material in cases where it is impossible to lower the duty. That does not bind me to say that I do not intend to vote for free hides, for I do intend to vote that way, notwithstanding that it is impossible for me here in this presence to lower the duty upon the manufactured product. I believe, not as a question of party policy, but as a question of economy, that whenever you give a manufacturer raw materials free, you necessarily, by competition, cheapen in the American market the product of his manufacture.

Mr. President, that is about all that I desire to say, except this: I want to be perfectly frank about this, just as the Senator from Texas is in voting the other way, and as we all are. I do not think there is any great difference between us upon questions of party policy, but there is a great difference between us upon some of these schedules. I apprehend that each one of us is absolutely honest in the motives that induce him to vote one way or the other on the various schedules. If the manufacturing interests of my State had asked me to vote for free iron ore simply for the purpose of giving them free iron ore and to keep the duty up on the manufactured product, I would not have acceded to the proposition. I stand here now ready to vote for a reduced duty upon every manufactured product that the competitive steel industries of the United States are manufacturing. Bring out your lower duty upon every manufactured product into which iron enters, and I will vote for that lower duty.

I voted for free iron ore simply because I believed, and I believe now—and I have not heard a word from the Senator from Texas upon the facts which contradict the view that I had when this schedule was up—that my vote helps to break down one of the greatest monopolies of the country. And I want to be understood about this: Without regard to reducing the duty upon the manufactured product, whenever I can vote for a free raw material that will break down and destroy these monopolies that are oppressing the American market, I propose to vote for free raw material. The difference between us is simply upon a question of fact.

Another thing I shall not do is this: I shall never stand in this Hall and vote for a protective duty. I do not mean for a moment to say that there is any difference of opinion between us upon that subject. Whenever you have a duty proposed that is not a revenue duty, but is a protective duty, in either my own State or my own city or any other place, I shall vote against it. I say that because I believe in a constitutional tariff for revenue, and I will never change my opinion about that. I do not think this Government has the right to levy any duty except a duty for revenue.

The VICE-PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nevada.

Mr. NEWLANDS. Mr. President, the Senator from Indiana [Mr. BEVERIDGE] asked me what reason I had for this amendment. As I understand it, the status regarding this particular paragraph is as follows:

The articles enumerated in this paragraph, such as sewing machines, and so forth, are not enumerated in the present tariff law. They fall under the general basket clause which imposes a duty of 45 per cent. The House has specially enumerated these articles in the proposed bill, and suggests a duty of 30 per cent, and my amendment calls for a reduction of that duty to 20 per cent.

The reasons why I urge the reduction are these: The statistics furnished to us by the committee show that the annual exports of these articles amount to \$35,000,000; that the total annual production in this country amounts to \$132,000,000, and that there are no imports. Wherever there are no imports of any article that is an indication to me that the existing duty is a prohibitory one. Therefore the present duty of 45 per cent is condemned.

But why place the duty at 20 per cent, according to my amendment, instead of 30 per cent? Simply because there have been no imports whatever; and I believe that wherever the statistics show that there are no imports of any given article, the existing duty should be very materially reduced.

Another reason I have for this amendment is that most of these articles—all of them, I believe—are under the control of combinations and trusts in this country which have practically stifled free competition at home. I regard it as good policy, and the Democratic party has so declared in its platform, wherever a product is controlled by a domestic trust, and domestic competition is stifled, to introduce foreign competition; and the only question that remains is whether we shall put that article upon the free list absolutely and bring against the domestic monopoly the full force of foreign competition or whether we shall moderate the foreign competition by imposing some lower duty.

Mr. SMITH of Michigan. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Michigan?

Mr. NEWLANDS. I prefer to go on with my statement.

The VICE-PRESIDENT. The Senator from Nevada prefers not to yield.

Mr. NEWLANDS. I will yield to the Senator toward the close, but just now I wish to go on consecutively.

Mr. SMITH of Michigan. I simply wanted to ask the Senator from Nevada—

The VICE-PRESIDENT. The Senator from Nevada prefers not to yield.

Mr. NEWLANDS. Mr. President, this duty therefore I placed at 20 per cent. It is a revenue duty, or I hope it will be. I hope it will not prove a prohibitory duty. If I thought so I would still further reduce it. But it is introduced in a tentative way, with a view to introducing foreign competition in order to prevent domestic monopoly and with a view to obtaining revenue by the reduction of duties from which at present no revenue is obtained.

I am now ready to answer the question of the Senator from Michigan.

Mr. SMITH of Michigan. I was simply going to ask the Senator from Nevada if he believed in free trade on these two items with respect to which he seeks to amend the rates?

Mr. NEWLANDS. I have already stated that—

Mr. SMITH of Michigan. Does the Senator believe in free trade on these two items—cash registers and sewing machines?

Mr. NEWLANDS. Yes. I voted to put them on the free list.

Mr. SMITH of Michigan. I know you voted for it, but I want to know whether you believe in it.

Mr. NEWLANDS. I voted then upon the assumption that almost all these articles are controlled by a trust, and I was therefore absolutely warranted in voting to place them upon the free list. I prefer, however, to move along tentatively in the way of a reduction of duty, so that foreign competition may be introduced as a factor in breaking up the domestic monopoly, at the same time producing revenue and without the destruction of any American industry.

I wish to say, with regard to the question of free trade and the free list—

Mr. LA FOLLETTE. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Wisconsin?

Mr. LA FOLLETTE. Will the Senator yield to me for just a moment to bring to his attention a little item of testimony which I find in the hearings?

Mr. NEWLANDS. Certainly.

Mr. BEVERIDGE. We can not hear the Senator from Wisconsin.

The VICE-PRESIDENT. Will the Senator speak a little louder?

Mr. LA FOLLETTE. I wish to bring to the attention of the Senator a bit of evidence, upon the sale of sewing machines in this country and abroad, which I find in the tariff hearings, furnished by a Mr. Arnold, who testified before the Ways and Means Committee. He is a manufacturer of varnish, and appeared before the committee to request that there be no lowering of the duty on his product, not because the conditions of the business required the duty to be maintained, as he stated,

but because he preferred not to have the business disturbed. He was examined by members of the committee and was testifying with respect to varnish.

Mr. COCKRAN. But, as a matter of fact, you are able to compete with the foreigner?

Absolutely—

The witness answered, and he continued:

We go into the foreign countries and compete with the world. We sell the goods, and those shipments are increasing from year to year, the goods being sold at a profit. There is no dumping ground for varnish. I have sold goods in foreign countries—all over the world—myself as far back as 1882. I do not believe this story about giving away goods to get rid of them. I will say that I sold sewing machines in 1882 abroad at a price of \$19.50 for the same machines that were selling in this country for \$65, and they were not made anywhere else excepting in this country. And I will say, too, that I made money out of it.

Then Mr. POU took a hand in questioning the manufacturer:

Mr. POU. And the same kind of machines were sold as here?

Mr. ARNOLD. Yes; and at a price of \$65. I sold plows in South Africa for \$8.50 that you could not buy for less than \$12.50 up to \$20 in this country. And I say that all this rubbish about dumping goods in foreign countries is nonsense.

Now, on the subject of typewriting machines, everybody knows that typewriter machines are sold in this country at about \$100 apiece. I am informed that they have been sold abroad for \$35 apiece for years.

There has been a typewriter combination for years. As early as 1893 the manufacturers organized under the laws of New Jersey for the purpose of controlling the business. The trust was incorporated as the "Union Typewriter Company." The following concerns were consolidated: The American Writing Machine Company, the Remington Typewriter Company, the Densmore Typewriter Company, the Smith-Premier Company, and the Yost Writing Machine Company. Total capital issued, par value, was \$18,015,000. The element of monopoly is strong, consisting of tariff benefits, patents, trade-marks, and so forth.

They control the business in this country absolutely and compel American purchasers to pay the exorbitant price of \$100 for machines which they sell abroad at \$35.

Mr. BEVERIDGE. May I ask the Senator whether those companies make abroad the machines which they sell abroad cheaper than they do at home, or do they export them?

Mr. LA FOLLETTE. They are made here and are sent all over the world.

Mr. BEVERIDGE. Of course the Senator knows and we all know—and I want to hear him upon that point—that everything manufactured in any country, regardless of its policy, whether protective or free trade, is sold, for various reasons, outside of that country cheaper than at home. One of the reasons is the occupation of new markets. One is the disposal of surplus. I want to know whether either one of those causes operated in this instance?

Mr. LA FOLLETTE. I am very certain they do not. That these type machines have been sold cheaper abroad than at home for many years is a matter of almost common knowledge.

Mr. NEWLANDS. I am very glad to have the information presented by the Senator from Wisconsin regarding sewing machines and typewriters. The evidence seems to be conclusive, and it is a matter of common knowledge that with reference to these two commodities it has been the custom of the manufacturing companies in this country to sell abroad at prices very much less than those charged at home, and the price charged abroad is compensatory to them. That is one of the considerations.

Mr. SMOOT. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Utah?

Mr. NEWLANDS. Certainly.

Mr. SMOOT. Does the Senator know what difference there is between the wholesale price of a sewing machine in this country and the wholesale price in foreign countries?

Mr. NEWLANDS. I do not.

Mr. SMOOT. I want to tell the Senator. There is this question to be taken into consideration: I know that many of the manufacturers of this country sell sewing machines in carload lots at a very low rate. I know they have sold as low as \$19 apiece, and then they are retailed—that is, to the consumer—for \$60 or \$65.

I desire to call attention to the fact that that is on account of the way the business is done in this country, and it is never done the same way in a foreign country. I know they have an agent, and they go from door to door. They sell the machine on time, and if they can get as the first payment what the machine cost they will take an old machine in, and they will call it \$60 or \$65, whereas that machine the manufacturer has sold as low as \$19. Does not the Senator know that that is the absolute fact?

Mr. NEWLANDS. I do not.

Mr. SMOOT. Mr. President, I know it is the fact.

Mr. McLAURIN. Will the Senator allow me to ask the Senator from Wisconsin a question?

Mr. NEWLANDS. Certainly.

Mr. McLAURIN. The price at which this sewing machine was testified to have been sold I understood to be \$95 or \$100 instead of \$80.

Mr. LA FOLLETTE. Sixty-five dollars.

Mr. SMOOT. That is an entirely different machine.

Mr. BEVERIDGE. It was the Senator from Wisconsin—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Indiana?

Mr. NEWLANDS. I yielded to the Senator from Mississippi, whose question—

Mr. McLAURIN. In the testimony of Mr. Arnold that he read as to sewing machines which were selling in Europe for \$35, I believe it was, as I caught it, they were selling in this country at about \$90 or \$100.

Mr. LA FOLLETTE. They were selling abroad for \$19.50, and were selling in this country at \$65 at that time.

Mr. McLAURIN. Sewing machines?

Mr. LA FOLLETTE. Yes, sir. The Senator must have had in mind the figures I gave with respect to typewriting machines.

Mr. McLAURIN. Those were sold at \$35 in foreign countries and a hundred here. I had that in my mind.

Mr. BEVERIDGE. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Indiana?

Mr. NEWLANDS. Certainly.

Mr. BEVERIDGE. I merely want to ask the Senator from Wisconsin, who called attention to these figures, what he has to say with reference to the statement of the Senator from Utah about the wholesale price in car lots?

Mr. SMOOT. Sewing machines.

Mr. LA FOLLETTE. I have nothing to say about that, because I did not give any figures on sewing machines except such as I read from the testimony.

Mr. BEVERIDGE. I wish the Senator from Utah would make his statement again, because I was diverted and did not hear it. But I got the impression that the wholesale price wiped out that difficulty. If the difficulty can be disposed of, I should like to have the whole facts presented. So I ask the Senator from Utah to state it again. We were all diverted by conversation.

The VICE-PRESIDENT. Does the Senator from Nevada yield for that purpose?

Mr. NEWLANDS. Certainly.

Mr. SMOOT. I now make the statement again, that the manufacturers of sewing machines in this country sell in carload lots at about \$19 apiece for sewing machines that are sold to the consumer for \$60 to \$65; and I went on to explain why that was—the heavy expenses of men traveling from door to door and selling the machine at \$65, with a first payment made, and taking old machines at a high price. It is the system of selling machines in this country. It does not exist in a foreign country.

Mr. McLAURIN. Will the Senator allow me to ask him where he gets this information?

Mr. SMOOT. I get the information from the very fact that I have seen these invoices to institutions in my own State that have bought the machines in carload lots. So it is not the manufacturer; it is the mode of doing business.

Mr. LA FOLLETTE. It is perfectly apparent the witness was not stating the wholesale price abroad. He was speaking of the sale of single machines there, as he was speaking of the sale of single machines in this country, and was making the comparison to show that they were sold abroad at the lower price. It would have been entirely misleading and an imposition upon the committee had he been dealing in one case with the wholesale price and in the other with the retail price.

Mr. SMOOT. I simply called attention to the fact that the manufacturer has only to do with the wholesale price, and I wanted to say that much for the manufacturer.

Mr. NEWLANDS. In answer to the Senator from Utah, I wish to say that he makes the usual answer which he has always made during the consideration of the pending bill when he has been confronted with the high prices prevailing in this country regarding certain articles and commodities as compared with the foreign market, and that he invariably endeavors to charge the imposition of these high prices not upon the manufacturer, but upon the retailer.

Mr. SMOOT. I have not said anything in relation to the retailer here any further than I have said that the mode of handling the sewing machines is such that in my belief it actually compels him to sell at the high price in order to pay the expenses attached thereto. In England, I will tell the

Senator, the machines are, in the stores, sold exactly the same as any other commodity, and in this country in some instances, especially of late, the same way of selling machines is coming into vogue.

Mr. NEWLANDS. Well, Mr. President, accepting the Senator's amendment, I understand his statement to be that the methods of business conducted by retailers in this country are such as to result in the charge of a price in this country amounting to two, three, and four times the amount that is charged in other countries in the retail business for such commodities.

Mr. SMOOT. Mr. President, I want the Senator to be perfectly fair in this matter. I have already stated that it is not the custom in everything; but in the sale of sewing machines, which we are discussing now, it has been the custom in the past to take an old machine and give a good price for it. They take that off the price, but they never again sell the old machine for the amount they allow for it. That is to be taken into consideration. I do not believe that in the end the retailer makes such a very big profit, when the way of selling the goods is taken into consideration.

Mr. BEVERIDGE. Mr. President, let me ask the Senator from Utah what the facts are along the line he is talking in the case of typewriters?

Mr. SMOOT. I have had no experience whatever with typewriters. I know nothing about the wholesale cost. I do not know anything about how they are sold.

Mr. BEVERIDGE. The Senator does not answer the Senator from Wisconsin.

Mr. SMOOT. I do not answer the Senator from Wisconsin on the question of typewriters, because I know nothing about them.

Mr. NEWLANDS. Mr. President, we have the evidence, then, unanswered so far as typewriters are concerned, that the charge in this country is \$100 for each typewriter, and abroad the charge is \$35. Whilst the Senator from Utah objects to the precise method in which I speak of his general replies to and defenses regarding the charges of high prices in this country as compared with abroad, yet the fact remains, generally, that he states the conditions of business and the customs of business are such in this country as to result in many commodities in an imposition upon the purchasers of a price two, three, and four times as high as that imposed in foreign countries.

The American people are interested in the fact that high prices prevail throughout this country, that prices have advanced out of proportion to the advance of wages in the country, that a given wage will not buy as much of commodities as it would years ago; and the country demands some satisfactory answer regarding the question. We charge that the high prices are largely due to the protective system. The Senator denies it. The denial is made generally by that side of the House, that the high tariff wall is raised and that domestic competition between rival competitors gradually reduces the price behind the protection of the tariff wall, and this, too, in the face of the fact that prices are constantly advancing.

Inasmuch as the Senator from Utah has raised the contention that these high prices are not due to the protective system, but that on the contrary the protective system lowers domestic prices instead of raising them above the average of the world, and that these high prices are chargeable to the customs and methods of retail business throughout the country, I suggest to him that it is time the Finance Committee were making an inquiry into that question. The duty devolves upon them to report immediately to the Senate the resolution proposed by the Senator from Oklahoma [Mr. GORE], calling for the appointment of a special committee to inquire into these abuses, ascertain their cause, and point out a method of their correction; and that this is a pertinent inquiry now that ought to proceed pari passu with the inquiry into our tariff conditions. If such a special committee is appointed, it can, before the close of the debate upon this subject, make a report, and then we will be acting upon definite information rather than upon conjecture and innuendo, as we are compelled to act now. The lack of fullness of information many of us have called attention to throughout this debate. We lack that fullness of information which a committee sitting as a commission regarding this matter under the instructions of the Senate and bound to give it every fact within its reach should give.

Mr. President, so far as the Democratic side of the Chamber is concerned, it is charged that there are certain inconsistencies and certain differences, just as there are upon the Republican side. I do not deny that certain inconsistencies in view and opinion and in vote exist upon this side of the Chamber. But they are not appreciable. For instance, one or two of the Senators upon this side of the Chamber voted for a protective duty upon lead. A few Senators on this side of the Chamber will doubtless vote for a protective duty upon sugar and upon rice. A few

more will doubtless vote for protective duties upon cotton fabrications. But when you consider the vast area of duties covered by the bill, that there are 4,000 articles under 400 items or paragraphs with reference to which we can make inquiry as to excessive duties, it will be apparent that inconsistencies or differences as to those few items are absolutely inconsequential.

The Senators who appear to be thus inconsistent are probably justified by the public sentiment of the communities which they represent. I can understand what the sentiment of a community like the State of Louisiana would be, which has been largely built up upon the protective system as to sugar and as to rice. I can imagine how destructive it might be to the prosperity and the energies of that State if suddenly those duties were withdrawn and if, instead of being able to obtain in our domestic markets for sugar a price double the world's price, they were compelled to settle down quickly and immediately to the world's price.

I can understand how the people of a community agreeing with us in the general principle that a protective system can not be justified, yet having their industries built upon the abuses of that system, might demand of their representatives that they should not rudely withdraw the props from under their industries, that they should not rudely knock them off their stilts and reduce them to confusion.

So it may be with other cases, but as a rule you will find that upon the vast bulk of these items the Democratic party will stand for a reduction of excessive duties, and that is the only practical question before the Senate. The practical question before the Senate is not whether we shall have tariff for revenue or tariff for protection. The question is whether duties absolutely far in excess of the requirements of the protective system itself shall be reduced. That is the only practical question, and upon such a question the progressives of the other side of the Chamber and the consistent proponents of a tariff for revenue upon this side of the Chamber can stand together. So far as I am concerned, I trust this debate will last until the country is convinced, as it will be convinced, whatever may be the final vote upon the pending bill, that these abuses exist; and that the only remedy is to elect a Senate and a House of Representatives that will reduce the excessive duties. That is the only practical question.

Mr. President, the imports into this country aggregate about \$1,100,000,000, of which six hundred million are dutiable. You collect an average duty of 45 per cent and you raise from it nearly \$300,000,000. We do not advocate the raising of a less amount in the aggregate than \$300,000,000, for we believe that amount is essential to the conduct of the business of the country and that we must from customs duties raise at least that amount.

So, we are not for free trade. We are for a tariff for revenue, and we are for a tariff that will produce as revenue \$300,000,000. We claim that that can best be done and that this deficit will be cured by absolutely reducing the excessive duties, so that the commodities which they cover can be introduced into this country and pay duty instead of perpetuating the present condition under which high duties are imposed and yet little or no revenue collected.

If we were to impose a duty on the entire list of imported articles, aggregating \$1,100,000,000, we would have to impose a duty of nearly 30 per cent in order to raise \$300,000,000. So the Democratic party can not stand for an average duty of less than 30 per cent. Our theory is that the necessities of life should be taxed upon a different basis from the luxuries of life. If we are to have an average duty of 30 per cent, and if we are to have a difference of duty between the duties on the necessities of life and the duties on the luxuries of life, we are necessarily compelled to make the duties on the necessities of life below 30 per cent and the duties on the luxuries of life above 30 per cent. Any Democrat upon a question of luxury, outside of spirits and tobacco, which, of course, are always subject to high taxes, can vote for a duty upon luxuries of at least 50 or 55 per cent, or even more, without involving the charge of inconsistency, and he can vote for a duty of between 20 and 30 per cent upon the necessities of life. But he can also exercise his judgment as to whether the condition is such as to warrant him in putting a particular commodity upon the free list or putting it upon the revenue list. He is not to be charged with disregard of party principles either by his party associates or by the other side if he exercises his judgment either one way or the other. The principle is as I have described it. Upon matters of detail Democrats may well differ as to whether a particular necessary of life shall be put upon the free list or whether a tax shall be imposed upon it. If you look through the votes thus far, outside, perhaps, of the duty on lead, you will find that every one of the votes upon this side of the House is in accordance with the principles of the party.

So far as the duty on iron is concerned, that is purely a revenue duty. A Democrat could exercise his judgment as to whether he would put upon it a revenue tariff or whether he would put it upon the free list. He might regard iron as the basic material upon which all the steel industries and iron industries are based as a necessary of life, and if he chose to do so he might vote to put it upon the free list. He might feel that that particular basic material was under the control of a great trust and combination in this country, as I believe it to be, and that the only way of introducing competitive energies in this country would be to let iron ore in free, so as to stimulate domestic competition, or he might, in pursuance of his view that the revenue demanded it, impose reasonable revenue duties upon it.

That is what the Democrats have done. They have not acted together as a unit, but they have acted entirely consistently with Democratic principles, whether they voted for a revenue tariff of 25 cents a ton or whether they voted to put it on the free list.

Mr. ALDRICH. Mr. President, will the Senator consent to take a vote upon the pending amendment?

Mr. NEWLANDS. I will state to the Senator from Rhode Island that I think his question is entirely unwarranted. I doubt the propriety of a Senator interrupting another Senator whilst he is making a speech and insisting upon a vote.

Mr. ALDRICH. I can not insist upon the Senator's stopping, of course.

Mr. NEWLANDS. No, sir; I think not.

Mr. ALDRICH. I was only making a request.

Mr. NEWLANDS. Now, Mr. President, I wish to call attention to this particular schedule. The average rate of wages paid under the metal schedule is only \$556 per annum, and yet we know how enormous fortunes have been created under this schedule and under the protective system. Will you tell me that the average wage of \$556 given to every worker in these industries is a sufficient wage upon which to support a family? Is not that the wage of poverty? Are you not face to face with the fact that the same protection system which has created these enormous fortunes has at the same time made the average wages of the numerous employees, working, as I am told, in the city of Pittsburg seven days in the week and twelve hours in the day, only \$556?

If this is the great prosperity to which you refer as the vindication of your system, I beg of you to try a system of tariff for revenue, for you will find that in the unprotected industries of the country the wages are in excess of \$556.

Mr. RAYNER. Mr. President, I do not desire to interrupt the Senator from Nevada, but in the conclusion of the few remarks I made just now I omitted just one line and a half from the platform of 1908. In 1908 Mr. Bryan was nominated for President and Mr. Kern, of Indiana, was nominated for Vice-President. I do not believe they were elected, but the platform says:

We favor immediate revision of the tariff by the reduction of import duties. Articles entering into competition with trust-controlled products should be placed upon the free list.

If iron is an article that comes into competition with a trust-controlled product, and the United States Steel Corporation controls the trust, ought iron, or ought it not, to be placed on the free list, in accordance with the platform? I should just like the Senator's opinion on that subject.

Mr. NEWLANDS. Regarding that, as I have already stated, any Democrat could consistently with Democratic principles vote for putting iron either upon the free list or upon the revenue list. The party may give him a specific instruction regarding it, and the specific instruction which seems to have been given by the Democratic party at the last convention was where a product is in such a condition as to be controlled by a trust to vote to put it upon the free list. But there still remains the determination of the question as to whether the product is controlled by a trust. That is left to the individual judgment of every Democrat. I understand that Democrats on this floor differ as to that fact, and so I do not question any man's vote regarding iron.

Mr. President, I was speaking of the protective system under this particular schedule, which has built up the enormous and swollen fortunes, with which every man here is familiar, and with which the country is familiar; and yet the fact remains, according to the very statistics furnished by the committee itself, that the wage of every wage-earner is only \$556 a year, and that upon that sum every wage-earner must maintain a family, educate his children, and maintain his household, in the face of the high prices that have prevailed throughout the country, that have increased from 25 to 50 and 100 per cent; in the face of increasing rent, and in the face of increasing prices for all commodities that are needed in ordinary life.

We have only recently had presented to us the survey called the "Pittsburg survey," a report made by scientific men, so-

ciologists, and economists, under the direction of the Russell Sage foundation, of the economic conditions of the city of Pittsburgh, which is acknowledged to be the greatest beneficiary of the tariff system. Read that survey and you will be indignant that such industrial conditions could exist in this country. You will find there the story how men work seven days in the week, Sabbath and all. You will find the story how those men work, without control as to the hours of the day, from ten to twelve hours a day. You will find there the story that these factories are almost entirely manned by foreigners from southern Europe living under conditions that are critical; four and five of them living in a single room. These are the conditions which are referred to as conditions of prosperity in the city which has been the greatest beneficiary of the tariff system.

Mr. OLIVER. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from Pennsylvania?

Mr. NEWLANDS. Certainly.

Mr. OLIVER. Mr. President, the Senator from Nevada has three times alluded to the seven days' work in the city of Pittsburgh. I want to say that in no establishment in the city of Pittsburgh or in the Pittsburgh district is seven days' work carried on, except in blast furnaces. Everybody familiar with the industry knows that the operation of a blast furnace is a continuous operation, and it is impossible to suspend the work.

In connection with that, I wish to ask the Senator from Nevada what is the universal custom in the State of Nevada with regard to six days' or seven days' work? I will answer that. For my sins I was condemned to spend Sunday in the State of Nevada within the last year, and I know there is no such thing known as Sunday in the State. It is the universal custom there to work seven days in the week. I myself have some interests in that State, and my associates and I endeavored to induce the operatives to work only six days in the week, but were unable to do so, they saying that it was the custom of the country to work seven days, and that they did not know there was such a day as Sunday. It is a State where the faro table and the roulette table are a part of the furnishing of every hotel in the State—not of the barroom, but of the office part of the establishment—and guests can not get away from it. I spent one day—the sorriest day I ever spent—in the city which is the Senator's home. The only place where I could get away from the rattle of dice and the clink, clink of the faro chips was by going to the Carnegie library, given to the city of Reno by one of Pittsburgh's millionaires. [Laughter.]

Mr. NEWLANDS. Well, Mr. President, I will ask the Senator from Pennsylvania whether the gambling games, the faro and the keno games, and so forth, to which he refers are the result of the protective system? If they are, we should vote for abolishing the protective system.

So far as conditions in Nevada are concerned—

Mr. BRIGGS. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from New Jersey?

Mr. NEWLANDS. Yes.

Mr. BRIGGS. I should like to call the attention of the Senator from Nevada to the fact that in Pittsburgh, as in nearly all the other iron districts, the hours of work are regulated by agreement between the labor unions and the manufacturers—principally by the labor unions—and I think that if the Senator will investigate pretty carefully he will ascertain that none of the labor unions allow twelve hours of work, except possibly where a man is on piecework or is paid by the ton or by the finished article.

While I am on my feet, I will ask—

Mr. NEWLANDS. I will ask the Senator whether it is not a fact that since the Homestead affair there have been no labor unions in the iron industries of Pittsburgh?

Mr. BRIGGS. I think there is a regular scale there in most of the mills.

Mr. NEWLANDS. I am told that there is not; that the unions were effectually broken up then, and that they have not been in existence since. If my memory is correct, I found that fact stated in the report of one of the gentlemen who took part in the Pittsburgh survey; and the fact that employees there are utterly unable to protect themselves by union is referred to. That is one of the reasons given for the extraordinary condition of labor which exists there.

Mr. BRIGGS. Mr. President, I would say, in reply to that, that within a month I have seen in the newspapers accounts of a conference to determine the rate of wages in some of the mills around Pittsburgh.

Mr. NEWLANDS. We can refer to the Senator from Pennsylvania, who doubtless has knowledge upon the subject. I ask him whether labor unions do exist in Pittsburgh with relation to the metallic industries there?

Mr. OLIVER. I will answer the Senator from Nevada by saying that in almost every branch of industry there are labor unions, but in many of the establishments there are not. I presume that of the workmen in the Pittsburgh district probably 75 per cent belong to labor unions. In the Homestead district, to which the Senator refers—that is, at Homestead—I believe there is no trade union in control. They work what is known as "open shop;" that is, they make no distinction between union and nonunion men; but I will state that, while I am only speaking from recollection, I do not believe that the conditions of squalor, to which the Senator so eloquently refers, are even in that wonderful document referred to as existing in and about Homestead, because, if so, the statement is utterly and absolutely false. Homestead is a prosperous community. The working people as a general thing are well housed, are well taken care of, and they are contented.

I will further say that the condition of seven days' work in the week does not exist in Homestead at all. There are no blast furnaces in Homestead. The plant is altogether devoted to finishing, and the blast-furnace industry is not there at all. The workmen there work on what they call "twelve-hour turns," or, really, eleven-hour turns. They go to work at 7 o'clock in the morning; there is an interval of an hour at noon; and they get out at 6 o'clock in the evening. The night turn go on from half past 6 to 7, and they work, with an interval for supper in the middle of the night, until 6 o'clock in the morning. The plant works only six days a week. I think if the Senator would at any time take the trouble to stop off at Pittsburgh—and I should be very glad to entertain him—he would change his mind about the conditions existing in and around that great city.

Mr. NEWLANDS. Mr. President, I wish to continue what I have to say with the utmost fairness. I am very glad to hear anything which the Senator from Pennsylvania has to say regarding the conditions in Pittsburgh. I do not pretend to know anything of my own knowledge. I have quoted my authority—the authority of the survey made by men of prominence, not socialists, not extremists, but men who have an interest in the humanities of life, who have been interested in sociology; and under the direction of that great educational foundation—the Russell Sage foundation—and I do not think that I have exaggerated—

Mr. BRIGGS. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from New Jersey?

Mr. NEWLANDS (continuing). I do not think I have exaggerated what they have said. I do not pretend to know anything about this of my own personal knowledge. If the Senator from New Jersey will wait for a moment, I shall be glad to listen to him.

The Senator from Pennsylvania [Mr. OLIVER] has referred to the information which I have given, based entirely upon the report of the Pittsburgh survey, by referring to certain conditions which he alleges exist in the State of Nevada, and of which he seems to have personal knowledge; for I assume that he has been in the gambling houses, and so forth, to which he refers, and I hope he was a winner.

Mr. OLIVER. They were right in the office of the hotel where I was staying, in the Senator's own city.

Mr. NEWLANDS. I have no doubt of it. But I must say one thing, Mr. President, that the system of protection can hardly be charged with that abuse, though it can be charged with a great many abuses in this country. All I can say with reference to gambling and with reference to the hours of labor and wages in the State of Nevada is that Nevada is a State of great freedom; that it has been accustomed to view with apprehension any attempt to restrain the individual liberty of the citizen. The people there have felt that any man had a right to ruin himself if he chose. The sentiment, however, has changed in that particular, and I am glad to say that during the past year an act was passed absolutely abolishing gambling in the State of Nevada.

Now, as to the wages which prevail there, the average wage of the miner there is not—

Mr. KEAN. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from New Jersey?

Mr. NEWLANDS. I do.

Mr. KEAN. I should like to ask the Senator is that law enforced?

Mr. NEWLANDS. That law is not in force as yet, but that law is to go into force at a certain time in the future, and it will be operative before long.

Mr. McLAURIN. Will the Senator allow me to ask him just one question?

Mr. NEWLANDS. Yes.

Mr. McLAURIN. The Senator was speaking of the great freedom that was exercised by the people of the State of Nevada. Does that freedom go to the extent of allowing a man to stop at a hotel where gambling is carried on in the office?

Mr. NEWLANDS. Oh, yes. I have no doubt that the statement of the Senator from Pennsylvania [Mr. OLIVER] is correct.

Mr. RAYNER. Mr. President, is there any schedule here about gambling? [Laughter.] What paragraph or duty are we on? What schedule are we on?

Mr. NEWLANDS. Now, as to the wages, I have to say that the wages throughout the mining region of Nevada are about \$4 a day, and that they are not a result of the protective system. I have also to say that the hours of labor are eight a day, and that they are not a result of the protective system. Nevada is a very progressive State. Whilst individual liberty has prevailed there to a very large degree and whilst we have only recently inaugurated a system of restraining the liberty of the individual where that liberty may result in an injury to the community, yet we have been in advance in progressive legislation. We have on our statute books to-day an eight-hour law; we have an employer's liability act; and we have the referendum, under which any act passed by the legislature can be referred to the supreme legislature—the people. We are about to inaugurate, through constitutional amendment, the initiative and the recall. So we have there a government of the people, for the people, and by the people. As a result, many abuses which have hitherto existed are gradually being wiped out, and as a result of this progressive action upon the part of the State of Nevada we have a condition of the laboring man there far in advance, I think, of that of the condition of the laboring man in almost any other State; certainly in advance of the condition of the men who are engaged in these metal industries, which are obliged, according to the contention of the other side, in order to maintain themselves and to create these enormous fortunes, to impose duties upon foreign importations amounting from 25 to 80 per cent.

Mr. KEAN. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nevada yield to the Senator from New Jersey?

Mr. NEWLANDS. I do.

Mr. KEAN. I heard the Senator mention the word "recall."

Mr. NEWLANDS. Yes.

Mr. KEAN. Is that in force at the present time?

Mr. NEWLANDS. No. I said a moment ago that they were in process of passing these two constitutional amendments.

Mr. KEAN. I should like also to ask the effect of the word "recall;" what it means in legislation?

Mr. NEWLANDS. The Senator will pardon me if I do not go at length into these refinements. An attack was made upon my State in a humorous way, and I simply met it by showing the progressive action of the people of that State, which has resulted in industrial conditions that give more freedom of opportunity in that State than in almost any other State in the Union, and that the result of it is that the average man in that State, which has not a single protected industry in it, receives an annual wage that enables him to support a family in comfort, to educate his children, to maintain his household, an average wage far in excess of that enjoyed by the metal workers, according to the statistics supplied us by the committee, who have an income of only \$556 a year, as compared with the fortunes amounting to millions wrested from the American people through the industries protected by this bill.

Mr. BURKETT. Mr. President, before the question is put on the amendment of the Senator from Nevada [Mr. NEWLANDS], I want to call attention to the evidence that was taken in this matter in the House. I find in the hearings that there was some evidence taken, especially upon the question of sewing machines. I have been, as everybody must have been who has any particular information as to what a sewing machine costs, somewhat amused at the statements that have been made here to-day with reference to the cost of sewing machines in this country. I undertake to say that the price of sewing machines in the United States in twenty years has not been \$65. No person who has paid money for a sewing machine has had to pay for it over \$35. A fancy cabinet may have cost more, or in trade he may have nominally paid more.

However, I want to call attention to the evidence that was presented in the House. There was a firm of manufacturers in New York interested in reducing the tariff on sewing machines, and they wrote at some length to the committee. Their letter is found on page 2260 of the hearings. After setting forth the lack of need of so great protection on sewing machines, they finally got down to a rate of 25 per cent; and that is the lowest rate suggested by those appearing before the committee advo-

cating the reduction of the tariff on sewing machines. So far as I can find, as I have said, 25 per cent is the lowest rate suggested by those advocating a reduction. The committee have reduced it to 30 per cent.

On the other hand, there appeared before the committee representatives of some of the sewing machine companies, who said that they could not stand any reduction, and insisted on the old 45 per cent rate being retained. It seems to me the committee acted very wisely in the matter.

As I have said several times, I am going to favor all the reductions that, in my opinion, ought to be made, but I am not going to vote for a reduction that might in any way interfere with any factory in this country. I am not particularly blaming the Senator from Mississippi, looking at the tariff question as he does, for introducing almost any sort of an amendment to these schedules; but, so far as my own vote is concerned and so far as the vote of any Republican believing in a protective-tariff policy is concerned, he ought to be careful, it seems to me, that he does not vote for a rate that is below absolute safety and that will guarantee maintaining factories in this country. If we err I prefer to err on the side of keeping the manufactory in this country.

It seems to me in regard to this schedule, and considering the evidence which I have looked over, that when the House has reduced this tariff from 45 per cent to 30 per cent, within 5 per cent of the lowest demand made by anybody who appeared before the committee asking for such a reduction, it has gone a long, long way in that direction, and it seems to me, as protectionists, we ought not to go below that rate. That is a reduction of 33½ per cent. If they had made the same reduction on some other articles that I would like to see a reduction of duty on, the bill would be entirely satisfactory to me, and, in my opinion, satisfactory to many others.

I call attention to this evidence, because in all that has been said we have gotten away from the real question at issue, and that is where the point of safety is in reducing schedules.

Mr. McLAURIN. Mr. President, will the Senator allow me to ask him a question?

Mr. BURKETT. Certainly.

Mr. McLAURIN. Has the Senator taken into consideration the fact that the tariff, which has been reduced, as the Senator from Nebraska has said, 33½ per cent, is still absolutely prohibitive, and that under the present tariff there has been exported one-fourth of the product of these machines made in this country?

Mr. BURKETT. Yes, Mr. President, I have thought of that; but, in my opinion, there are, perhaps, on most of this machinery covered by this paragraph enough patents to protect them in this country anyway. I am not disturbed by the fact that there are not any sewing machines brought into this country. I do not want any sewing machines brought into this country from anywhere, I will say to the Senator very frankly. I do not want to see a sewing machine which has been manufactured anywhere else on earth sold in the United States of America. There is no complaint about the price of sewing machines—

Mr. CRAWFORD. Mr. President—

The VICE-PRESIDENT. Does the Senator from Nebraska yield to the Senator from South Dakota?

Mr. BURKETT. I will in a moment. There ought not to be any complaint in the United States about the price of sewing machines. There may be complaint about the price of automobiles and about the price of typewriters, but there ought not to be very great complaint about the price of sewing machines. If the Senator will go down on F street, he will find that he can buy a sewing machine there all the way from \$19 up, and "up" means, of course, according to the kind of case the machine is placed in. There is enough competition, in my opinion, in the sewing machine business in this country to keep the prices down to the very lowest plane.

I do not want to throw down the bars and let in sewing machines, or any other machinery, for that matter, from other countries so long as there is sufficient competition at home to keep the price down. In my opinion, we ought to be satisfied with the one-third reduction in the duty on that article unless we have some more evidence that a greater cut is advisable. I only rose to call to the attention of the Senate this evidence because it has not been called to the attention of the Senate in this debate.

Mr. CRAWFORD. Mr. President, just a word before the vote is taken. A statement has been made here that the present duty is practically prohibitive and that there are no importations. I find that paragraph 194 of the present bill specifically names a number of articles, such as machine tools, printing presses, sewing machines, typewriters, steam engines, and sev-

eral other articles which in the existing law are listed under the general term of "machinery," which bear a duty of 45 per cent. Under that paragraph there were imported articles valued at \$4,978,090, upon which a duty was paid of \$2,240,140. That is quite a good deal of duty upon that importation. It is impossible to say what the items of the imports were, because this statement does not give the details.

While I have favored, and do now favor, reducing the rates wherever it can be done intelligently and safely, I can not vote to simply make a stab in the dark here, and reduce the rate on these different items, machine tools and the other items, to 10 per cent, inasmuch as the committee have already made a cut of 15 per cent and it does appear that there were importations amounting to \$4,978,090, paying a duty of \$2,240,140.

Mr. McLAURIN. Mr. President, the Senator from South Dakota is speaking of—

Mr. CRAWFORD. Paragraph 194.

Mr. McLAURIN. I understand he is speaking of one set of items, and the amendment is in reference to another. If the Senator will look further down under "cash registers, linotypes," and so forth, he will see that no revenue at all was derived and there were no importations.

Mr. CRAWFORD. If the Senator will permit me, I understand that those articles under the existing law come under the general term "machinery."

Mr. LODGE. If the Senator will pardon me, there is, of course, no entry of revenue, because they come in under the non-enumerated class, and the Senator from South Dakota is perfectly right. They come in under the general machinery clause.

Mr. McLAURIN. The Senator from South Dakota was speaking of machinery not elsewhere specified.

Mr. LODGE. Certainly he was.

Mr. McLAURIN. And that is the machinery of which \$4,978,090.67 worth was imported and \$58,690,651 exported. But of cash registers, linotypes, and all typesetting machines, machine tools, printing presses, sewing machines, typewriters, and steam engines, there were \$35,317,448 worth exported, and not a dime's worth imported, according to this book—and I am going according to the book—that is furnished by the committee.

Mr. LODGE. If the Senator will carry his investigation just two lines farther, he will see, under "present law," the letters "n. e."

Mr. McLAURIN. I thought that meant "New England" or "northeast;" but I have been informed since I have been here that it means "not enumerated."

Mr. LODGE. It means "not enumerated." Therefore they can come in under the general clause of machinery.

Mr. McLAURIN. Why were they not enumerated? They are enumerated so as to show the amount of exports of these articles. You do show the amount of the exports.

Mr. LODGE. Certainly; but for purposes of duty they come in under what is known as the "nonenumerated clause" or "basket clause," which takes in all machinery not otherwise specially provided for.

Mr. McLAURIN. That is what you have here—"machinery, not elsewhere specified."

Mr. LODGE. That is it.

Mr. McLAURIN. And you put that down, and then you put the other items right under that.

Mr. LODGE. In italics. They are not enumerated, and they come in under the head of "machinery, not elsewhere specified," as the Senator from South Dakota correctly pointed out.

Mr. McLAURIN. Then it gives us very insufficient, not to say inaccurate, information.

Mr. LODGE. But if the Senator will allow me one word more, under these basket clauses or nonenumerated clauses, as they are called, the articles are returned, as a rule, simply under the clause. No record is kept of the different articles. It is simply so much under the clause "machinery, not elsewhere specified."

Mr. McLAURIN. But there is a record here of the amount of exports.

Mr. LODGE. Certainly. Exports are a different thing.

Mr. McLAURIN. If that had been added to the other, it would have shown the exports.

Mr. LODGE. The exports come from another source. The goods are entered for export.

Mr. McLAURIN. I understand that, since the Senator has explained it.

Mr. LODGE. For import they are simply entered as "machinery, not elsewhere specified."

Mr. McLAURIN. Yes. If you add the exports, then the \$35,000,000 to the \$58,000,000, you will get something like \$94,000,000. Disregarding the odd hundreds of thousands you

get something near \$94,000,000 of exports. They are divided so as to make them, at one place, \$58,000,000, and at another—

Mr. LODGE. No; you deduct the \$35,000,000. They are part of the \$58,000,000.

Mr. McLAURIN. Oh!

Mr. LODGE. Yes; they are part of the "machinery, not elsewhere specified." I can assure the Senator that that is correct.

Mr. McLAURIN. So that whenever it is against the manufacturers it must be deducted.

Mr. LODGE. No, Mr. President. Those articles are specified for export. They are not specified for import. When they are specified for export and are given as \$35,000,000, or whatever it is, they are to be taken from the general total. In one case there is a record of the exports. There is no record of the details of the imports.

Mr. McLAURIN. Is the \$132,000,000 to be taken from the \$722,000,000?

Mr. LODGE. What does the Senator mean?

Mr. McLAURIN. That is the value of the product.

Mr. LODGE. Yes; I should suppose so.

Mr. McLAURIN. With the explanation of this explanation, Mr. President, I will leave that part of the subject.

I want to call attention now to what was said by the Senator from Nebraska [Mr. BURKETT]. He says he does not desire to see foreign-made sewing machines come into this country. The Senator from Utah [Mr. SMOOT] said that these machines, which were sold by the wholesalers to the retailers at \$19 apiece, were sold by the retailers at from \$60 to \$65, I believe.

Mr. SMOOT. Mr. President—

The VICE-PRESIDENT. Does the Senator from Mississippi yield to the Senator from Utah?

Mr. McLAURIN. I do.

Mr. SMOOT. I stated that they are sold at distant points, where the salesman goes with a wagon and calls at the house, at a high price, where an old machine is taken in part payment.

Mr. McLAURIN. What are they sold for when cash is paid?

Mr. SMOOT. I know that there are lots of them sold for \$30, and I have been told that you can go down here now and buy a good many of them for \$27.50.

Mr. McLAURIN. Then, were these people who were selling them for a high price, and taking the old machines in part payment, juggling with the purchasers?

Mr. SMOOT. I said that it was a custom, and I know that it is a custom in many parts of this country; and then they quote that price as the retail price of the machine.

Mr. McLAURIN. If you put it at \$60, that is an increase of over 300 per cent. The Senator seems to think that when he has found a case where he has seen them sold at \$30, that is a great bargain that the purchaser has gotten. Even that would be over 50 per cent increase over the value of the machines. I do think, where none of them are imported, that 300 per cent on the cost price is too much to charge to those who have to work with sewing machines, and therefore have to purchase them.

Mr. RAYNER. Mr. President, I rise to a parliamentary inquiry. I have no reference to this last colloquy; but I should like to know whether Rule XIX is still in force, or whether it has become obsolete by nonuser, misuser, or abuse? I will read the last four lines of this rule, because I agree with the Senator from New York that we ought to have some business methods in conducting this debate:

No Senator shall speak more than twice upon any one question in debate on the same day without leave of the Senate, which shall be determined without debate.

If that rule is in force, Mr. President, does it mean that when a Senator speaks more than twice there shall be leave of the Senate, or does it mean that if he proceeds without leave the President of the Senate will infer that there is leave?

The VICE-PRESIDENT. The Chair thinks the latter is the proper construction.

Mr. McLAURIN rose.

Mr. RAYNER. I am not referring to this last colloquy.

Mr. McLAURIN. I suppose this has reference to me; and I wish to say that there is not a Senator in this Chamber who speaks oftener in one day than the Senator from Maryland.

Mr. RAYNER. Mr. President, if the Senator had heard what I said, he would not say that. I said that I had no reference to him at all, and it is because he did not hear me that he has made the remark he has. When I rose, I said I had no reference at all to this colloquy. I had intended early in the day to call attention to the rule. There is no one in this Chamber who speaks less than I do. I do not suppose there is anyone in this Chamber who does speak who speaks less than I do. But I had no reference at all to the Senator from Mississippi, not the slightest, and I so stated.

I intended earlier in the day, and I intended yesterday, to call the attention of the President to this rule, and to see whether we could not proceed with some greater expedition than we are now doing. Of course if it is impossible, the rule has practically become obsolete and antiquated.

Mr. FRYE. Let us have a vote.

Several SENATORS. Vote!

The VICE-PRESIDENT. The question is on agreeing to the amendment of the Senator from Nevada [Mr. NEWLANDS], on which there is a demand for the yeas and nays.

The yeas and nays were ordered, and the Secretary proceeded to call the roll.

Mr. BANKHEAD (when his name was called). I am paired with the senior Senator from New York [Mr. DEPEW]. If he were present, I should vote "yea."

Mr. GUGGENHEIM (when his name was called). I am paired with the senior Senator from Kentucky [Mr. PAYNTER]. As he is not in his seat, I withhold my vote.

Mr. McCUMBER (when his name was called). I believe the junior Senator from Louisiana [Mr. FOSTER] has not voted, and in his absence I withhold my vote.

Mr. TALIAFERRO (when his name was called). I have a general pair with the junior Senator from West Virginia [Mr. SCOTT]. If he were present, I should vote "yea."

The roll call was concluded.

Mr. CURTIS. I wish to announce that the Senator from Oregon [Mr. BOURNE] is paired with the Senator from Arkansas [Mr. DAVIS]; the Senator from Delaware [Mr. RICHARDSON] is paired with the Senator from Arkansas [Mr. CLARKE], and the Senator from Kentucky [Mr. BRADLEY] is paired with the Senator from Indiana [Mr. SHIVELY].

Mr. FLINT. I am paired with the senior Senator from Texas [Mr. CULBERSON]. I transfer the pair to the junior Senator from Michigan [Mr. SMITH], and will vote. I vote "nay."

The result was announced—yeas 29, nays 43, as follows:

YEAS—29.

| | | | |
|-------------|----------------|-------------|--------------|
| Bacon | Cummins | La Follette | Smith, Md. |
| Bailey | Daniel | McLaurin | Smith, S. C. |
| Beveridge | Dolliver | Money | Stone |
| Bristow | Fletcher | Nelson | Taylor |
| Brown | Frazier | Newlands | Tillman |
| Chamberlain | Gore | Overman | |
| Clapp | Hughes | Rayner | |
| Clay | Johnston, Ala. | Simmons | |

NAYS—43.

| | | | |
|-------------|------------|------------------|------------|
| Aldrich | Crane | Gallinger | Penrose |
| Borah | Crawford | Gamble | Perkins |
| Brandeggee | Cullom | Hale | Piles |
| Briggs | Curtis | Heyburn | Root |
| Bulkeley | Dick | Johnson, N. Dak. | Smoot |
| Burkett | Dillingham | Jones | Stephenson |
| Burnham | Dixon | Kean | Sutherland |
| Burrows | du Pont | Lodge | Warner |
| Burton | Elkins | Nixon | Warren |
| Clarke | Flint | Oliver | Wetmore |
| Clark, Wyo. | Frye | Page | |

NOT VOTING—19.

| | | | |
|--------------|------------|------------|--------------|
| Bankhead | Davis | McEnery | Scott |
| Bourne | Depew | Martin | Shively |
| Bradley | Foster | Owen | Smith, Mich. |
| Clarke, Ark. | Guggenheim | Paynter | Taliaferro |
| Culbertson | McCumber | Richardson | |

So Mr. NEWLANDS's amendment was rejected.

The VICE-PRESIDENT. Without objection, the paragraph will be agreed to. The Chair hears no objection.

Mr. ALDRICH. Has paragraph 195 been disposed of?

The VICE-PRESIDENT. It has, on the first reading.

Mr. DOLLIVER. Mr. President, I desire to offer a suggestion as to paragraph 195, the general basket clause of the metal schedule. I desire to suggest that in line 23, the third word, "part," be stricken out and the words "in chief value" substituted.

Mr. President, the language in nearly all the other schedules conforms with the suggestion I have made, and I think very properly, because the various paragraphs intend to include all the articles that are known, and the basket clause catches articles which may have been omitted by failure to recall their names, the purpose being to prevent any articles manufactured from metals from escaping some tariff rate.

Put in the form in which this clause stands in the metal schedule, it operates, I think, to confuse any rational classification of merchandise, and I desire to call the attention of the chairman of the committee to the fact that within very recent years the most astonishing variety of articles has been transferred to this basket clause from the schedules to which they belong, and in which Congress placed them.

For example, Treasury decision 28187 holds that silver pellets, such as are sometimes used to disguise the situation when one comes home very late at night, an ordinary medicinal preparation, covered with an almost imperceptible coating of silver, or supposed silver, are now dutiable under the metal schedule.

A recent Treasury decision, 27883, puts into the metal schedule a bunch of feathers tied up or held together by an ordinary little wire.

A recent Treasury decision, No. 24946, transfers shoes with a negligible percentage of metal nails in their composition from the schedule where they would naturally belong to the iron and steel schedule.

A recent Treasury decision, No. 28255, transfers furniture with a slight addition of metal tacks or other metallic ornamentation from the furniture schedule.

I hold in my hand decisions of the courts of the United States making mattresses composed of hair and waste of cotton dutiable under the metal schedule as manufactured in whole or in part of some of these metals when they appear only in fractional quantities.

I have here also a recent decision that a piece of furniture with any kind of metal in any part of it under the present law is dutiable under the basket clause of the metal schedule. I have not been able to locate any articles that are actually intended by Congress to be included in this schedule. It catches nearly everything except manufactures of metal.

Therefore I think that these basket clauses ought to be framed so as not to make the classification of articles of merchandise ridiculous in the eyes of the community. That has been done with respect to cotton goods. In order to get into the cotton schedule, goods must be manufactured in chief value of cotton. In order to get into the jute and linen schedules, the chief value must consist of those materials. In order to get into the silk schedule the same is true, and I think it is a very wise provision.

There is no trouble in separating the articles upon that basis. I want articles manufactured in chief value of any of these metals to be dutiable here, and I think a very slight attention to the classification will suggest the propriety of excluding from the metal schedule articles in which the metals appear only in fractional or insignificant proportion.

Mr. TILLMAN. Do I understand the Senator to tell us that by these decisions of the appraisers and the courts, and one thing and another, articles have been transferred to the metal schedule with an increase of duty or a decrease in duty?

Mr. DOLLIVER. Usually an increase of duty. These pellets, for example, were dutiable at 25 per cent as a medicinal preparation.

Mr. TILLMAN. And then they were put in here at 45 per cent?

Mr. DOLLIVER. These feathers—unmanufactured feathers—were 20 per cent.

Mr. TILLMAN. What scheme of interpretation would a man with any sense employ to transfer these things to the metal schedule?

Mr. DOLLIVER. It is not a question of interpretation. The law provides that an article, when manufactured in whole or in part of any of these metals, shall pay a duty of 45 per cent.

Mr. TILLMAN. It is a kind of dragnet.

Mr. DOLLIVER. The suggestion I make is that the language should be such as to relieve the courts and the appraisers from making a decision of that sort, by providing that this clause shall be applicable to articles wholly manufactured from metals or where the metal is its chief value. That is the only suggestion I make.

Mr. ALDRICH. The act of 1883, in the nonenumerated provisions, reads precisely as this does. Precisely the same language was employed in the act of 1890. The same language was employed in the act of 1894, prepared by Mr. Wilson, and passed the Senate without any amendment. The same language was used in the act of 1897, word for word—the Dingley Act.

So, for twenty-five or twenty-eight or twenty-nine years the unbroken practice of the Senate and of the House has been to maintain this phraseology. The purpose of it is stated fully in Notes on Tariff Revision, prepared by the Ways and Means Committee of the House, and which is now before Senators for their examination.

There has been great difficulty in the past in determining the chief value of a great variety of articles that are in part of metal, and attempts are constantly being made to admit at lowered rates of duty articles upon the ground that they were in chief value of some other material.

In the Tariff Notes there are enumerated 18, 20, or 25, perhaps 30, different decisions which, in the opinion of the Committee on Ways and Means, make it absolutely necessary that this language should be retained in the present law.

I think the Senator from Iowa is entirely mistaken in his suggestion that this ought to be changed. The only purpose of a change would be to allow a great variety of articles to come in at a lower rate of duty than has heretofore been imposed upon them by this paragraph.

This provision, as I said, has been here a long time; it has been tested; it has been adjudicated. There has been no

trouble from it, so far as I know. No complaint has ever been made except upon the part of certain people who want to have admitted into the United States at a much less rate of duty a great variety of articles on the claim that their chief value was something else.

I could, if I had the time and if the Senate desired to hear it, take up these cited cases and show by a great variety of cases that the courts and the general appraisers have administered this law wisely, and I can see no reason for making the change.

Mr. DOLLIVER. What the Senator has said is just as applicable to the cotton schedule as to this. It is just exactly as applicable.

Mr. ALDRICH. It is not applicable to the cotton schedule, because no such condition ever existed there.

Mr. DOLLIVER. Exactly; but articles manufactured partly of cotton and partly of something else come in—

Mr. ALDRICH. The Senator from Iowa probably is aware, as I am, that the "not otherwise provided" paragraph in the cotton schedule and in the linen schedule and all the textile schedules except wool provide the same rate—45 per cent—while under this schedule there is a constant attempt being made to introduce articles into the United States at 20 or 25 per cent for the purpose of evading the law.

Mr. DOLLIVER. If it will not trouble the Senator from Rhode Island, I should like to know what articles the committee has in mind as being included in this paragraph.

Mr. ALDRICH. If the Senator will take his Notes on Tariff Revision and read them—

Mr. DOLLIVER. The notes on tariff revision were made by a young man, I believe, an attorney in the customs division of the Treasury; and while they are very valuable, I very much prefer to know what the committee intended to include in this paragraph.

Mr. ALDRICH. I suggest that the Senator read the cases that are cited on page 247 of Notes on Tariff Revision. I think the Notes on Tariff Revision may have been prepared by a young man, but if they were, he was a young man of ability, certainly—

Mr. DOLLIVER. Undoubtedly.

Mr. ALDRICH (continuing). And judgment. They had the approval of the Committee on Ways and Means of the House.

Mr. DOLLIVER. But the thing I wanted to get at was what articles were in the minds of the committee which had not been enumerated in the metal schedule and yet naturally fall in the basket clause.

Mr. ALDRICH. Will the Senator look at those cases? It is not necessary for me to take the time, I think.

Mr. DOLLIVER. It would not take much time to say if one article manufactured out of any of these metals was in the mind of the committee as properly belonging in this basket clause.

Mr. ALDRICH. Sleeves, for instance, were claimed to be in chief value of horse hair, and were admitted at 30 per cent; fishing flies, in chief value of feathers. A great variety of articles are included in this memorandum showing that the purpose of Congress was—and so far as this paragraph is concerned, the purpose of the committee was—to have these articles pay a proper rate of duty.

Mr. DOLLIVER. I have no objection in the world to an article manufactured out of material the chief value of which is included in this list of metals paying its rate, but I think it is unnecessary and likely to be more or less troublesome to have a list of articles a great deal longer than I have undertaken to give here, because I have not finished my reading of the decisions included in the schedule that was intended to cover other kinds of goods.

Mr. NELSON. I find here on the page cited by the Senator from Rhode Island an illustration that fits this case. It reads:

Wreaths made of artificial flowers and wire were held dutiable, nevertheless, as articles or wares wholly or in part of metal not specially provided for.

Mr. DOLLIVER. Of course nobody would deny that such articles as that ought to be dutiable under the schedule at the rate provided and applicable to them.

I ask for the yeas and nays on agreeing to the amendment.

The yeas and nays were ordered.

Mr. BACON. I ask that the amendment may be read.

The VICE-PRESIDENT. Without objection, the Secretary will read the amendment.

The SECRETARY. In paragraph 195, page 68, line 23, before the words "of iron," it is proposed to strike out the word "part" and insert the words "chief value," so that it will read:

Articles or wares not specially provided for in this section composed wholly or in chief value of iron, steel, etc.

The VICE-PRESIDENT. The Secretary will call the roll on agreeing to the amendment of the Senator from Iowa [Mr. DOLLIVER].

The Secretary proceeded to call the roll.

Mr. FLINT (when his name was called). I am paired with the senior Senator from Texas [Mr. CULBERSON]. I transfer that pair to the junior Senator from Michigan [Mr. SMITH] and vote "nay."

Mr. GUGGENHEIM (when his name was called). I have a general pair with the senior Senator from Kentucky [Mr. PAYNTER], who is not here; so I will not vote.

Mr. McCUMBER (when his name was called). I again announce my pair with the junior Senator from Louisiana [Mr. FOSTER]. He being absent, I will withhold my vote.

Mr. TALIAFERRO (when his name was called). I again announce my pair with the junior Senator from West Virginia [Mr. SCOTT]. As he is absent, I will withhold my vote.

The roll call was concluded.

Mr. WARREN (after having voted in the negative). I wish to ask if the Senator from Mississippi [Mr. MONEY] has voted. The VICE-PRESIDENT. The Senator has not voted.

Mr. WARREN. I withdraw my vote, as I am paired with the Senator from Mississippi [Mr. MONEY].

The result was announced—yeas 30, nays 40, as follows:

YEAS—30.

| | | | |
|-------------|----------|----------------|--------------|
| Bacon | Clay | Hughes | Simmons |
| Bailey | Crawford | Johnston, Ala. | Smith, Md. |
| Beveridge | Cummins | La Follette | Smith, S. C. |
| Bristow | Daniel | McLaurin | Stone |
| Brown | Dolliver | Nelson | Taylor |
| Burkett | Fletcher | Newlands | Tillman |
| Chamberlain | Frazier | Overman | |
| Clapp | Gore | Rayner | |

NAYS—40.

| | | | |
|-------------|------------|------------------|------------|
| Aldrich | Crane | Gallinger | Page |
| Borah | Cullom | Gamble | Penrose |
| Brandagee | Curtis | Hale | Perkins |
| Briggs | Dick | Heyburn | Piles |
| Bulkeley | Dillingham | Johnson, N. Dak. | Root |
| Burnham | Dixon | Jones | Smoot |
| Burrows | du Pont | Kean | Stephenson |
| Burton | Elkins | Lodge | Sutherland |
| Carter | Flint | Nixon | Warner |
| Clark, Wyo. | Frye | Oliver | Wetmore |

NOT VOTING—21.

| | | | |
|--------------|------------|------------|--------------|
| Bankhead | Depew | Money | Smith, Mich. |
| Bourne | Foster | Owen | Taliaferro |
| Bradley | Guggenheim | Paynter | Warren |
| Clarke, Ark. | McCumber | Richardson | |
| Culberson | McEnery | Scott | |
| Davis | Martin | Shively | |

So Mr. DOLLIVER's amendment was rejected.

The VICE-PRESIDENT. Without objection, the paragraph is agreed to.

Mr. ALDRICH. I desire to give notice that I will ask the Senate to consider the passed-over articles of the chemical schedule to-morrow morning.

I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 20 minutes p. m.) the Senate adjourned until to-morrow, Thursday, May 20, 1909, at 10 o'clock a. m.

SENATE.

THURSDAY, May 20, 1909.

The Senate met at 10 o'clock a. m.

Prayer by Rev. Ulysses G. B. Pierce, of the city of Washington.

The Journal of yesterday's proceedings was read and approved.

PUBLICATION OF LEGAL NOTICES.

The VICE-PRESIDENT presented a communication from the secretary of the Territory of New Mexico, which was referred to the Committee on Territories and ordered to be printed in the RECORD, as follows:

(Certificate of comparison.)

TERRITORY OF NEW MEXICO,
OFFICE OF THE SECRETARY.

I, Nathan Jaffa, secretary of the Territory of New Mexico, do hereby certify that there was filed for record in this office, at 9 o'clock a. m., on the 18th day of March, A. D. 1909, council substitute for House bill No. 213, an act relative to the publication of legal notices, passed by the thirty-eighth legislative assembly of the Territory of New Mexico in 1909; and also, that I have compared the following copy of the same, with the original thereof now on file, and declare it to be a correct transcript therefrom and of the whole thereof.

Given under my hand and the great seal of the Territory of New Mexico, at the city of Santa Fe, the capital, on this 14th day of May, A. D. 1909.

[Seal.]

NATHAN JAFFA,
Secretary of New Mexico.